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## Moscow orders Japan's naval attaché out

THE SOVIET UNION has ordered the expulsion of Japan's naval attaché in Moscow for espionage and has asked a Japanese businessman to leave the country, a Foreign Ministry spokesman said yesterday. Reuter reports from Moscow.

Mr Gennady Gerasimov told a news briefing that the ministry had summoned the Japanese ambassador on Wednesday and alleged that the naval attaché and the Japanese defence attaché had been involved in spying in the Black Sea port of Odessa.

Mr Gerasimov, who named the naval attaché only as a Mr Takeshima, said: "It was said that it was impossible for Mr Takeshima to stay in the Soviet Union any longer."

The businessman being asked to leave the Soviet Union was the deputy representative in Moscow of Mitsubishi Corporation, he said.

In Tokyo, the Foreign Ministry announced that Japan had been asked to expel a Soviet deputy trade representative.

Japan had been asking the representative, Mr Yuri Tokrovsky, whom it had alleged had been involved in industrial spy-

ing, to submit to police questioning but he had not complied, the ministry said.

Japan said its action was not in retaliation for the expulsion of Japan's naval attaché in Moscow and a Japanese businessman.

Mr Gerasimov did not say how much time Mr Takeshima had been given to leave the Soviet Union. His statement indicated that the Japanese defence attaché, although accused of spying, was not being expelled.

Earlier this year, four Soviet diplomats working in Tokyo returned home after Japanese authorities charged they were part of a spy network which obtained information about US military aircraft.

The Soviet Foreign Ministry summoned Japan's ambassador on June 10 and warned him that Moscow would retaliate if Japanese authorities continued to make the charges.

According to a Soviet spokesman, the ministry also alleged at the time that some Japanese personnel in Moscow were involved in activities incompatible with their status — a phrase implying espionage.

## West boost for Soviet computers urged

A SOVIET scientist wants to form a joint venture with Western companies to boost the quality of Soviet personal computers, the Communist Party newspaper Pravda said yesterday. Reuter reports from Moscow.

It said Mr Boris Naumov, who once worked as a professor at a US technological institute, proposed setting up a joint venture with one or two Western companies to get round restrictions on exports of computer parts to the Soviet Union.

"I have no doubt that even the first output of the joint venture will be of a quality that would make (President Ronald) Reagan gasp," Mr Naumov was quoted as saying.

Head of a Soviet technical complex called "Personal Computers," Mr Naumov suggested the joint venture could buy parts freely on sale in the West which he said were outside the ban on the export of computer components.

He said the company could produce tens of thousands of personal computers a year and help raise an individual worker's output by about 10 times.

Under Soviet law, at least 51 per cent of joint ventures must be owned by the Soviet side, he said.

## Investment in EC manufacturing 'set to rise by real 5%'

BY TIM DICKSON IN BRUSSELS

INVESTMENT in European Community manufacturing companies looks set to increase by 5 per cent this year in real terms, according to the European Commission's latest business and consumer survey.

This growth rate represents only a slight downward revision of last autumn's cautious company estimates but it will not be enough to prevent a further fall in the numbers employed in the sector.

This is especially so, according to the Brussels research, because there are signs in some member states that the sort of capacity-enlarging investment which creates jobs will slow down to rationalisation and replacement expenditure.

In West Germany, for example, the percentage of investment mainly directed at capacity enlargement will fall from 42 per cent in 1986 to 38 per cent this year. In Italy it is expected to fall from 23 per cent to 21 per cent. In France it is likely to remain stable at 32 per cent.

The commission said that the renewed emphasis on rationalisation in some member states is probably linked to the squeeze on profit margins in many companies due to exchange rate fluctuations and the worsened medium-term sales expectations.

The survey points out that

despite the recovery since 1984 real investment in European industry is not yet back to the level it was before the first oil shock in 1973. To make up for part of the jobs lost in the second half of the 1970s and early 1980s it would be necessary to achieve several years of dynamic investment growth in the region of 10 per cent.

Regional figures show, however, that real investment this year ought to be buoyant in Ireland (18 per cent), Belgium (12 per cent) and Italy (11 per cent) still expect another year of fast growth but West Germany (4 per cent), France (3 per cent), Greece (2 per cent) and the Netherlands (minus-12 per cent) will probably remain below the EC average.

## First big fall for Turkey's stock exchange

By David Richard in Ankara

TURKEY'S stock exchange, set up in December 1985, is experiencing its first big fall after a surge in share prices over the past few months.

Prices of many of the shares of the 48 companies traded on the Istanbul exchange have dropped in the last week, and the volume of daily transactions has fallen from TL2,900m (\$1.4m) to TL 347m.

The fall appears to have begun partly as profit-taking after a week in which share prices rose by an average of 68 per cent.

Investors' view of the economy has been described as "an atmosphere of mild panic" has consequently developed.

The head of the capital markets board Mr Ismail Turk told Turkish newspapers yesterday that there could be no question of an official intervention to halt the fall. "This is a market and prices naturally rise and fall," he said.

Mr Nure Maksimiyadis, head of a local securities firm, Taksim, said that he regarded the fall as predictable. "You have to remember that this is a market of only TL 1,000m shares of which not 10 per cent are traded," he said.

## Zimbabwean MPs vote to abolish whites-only seats

BY TONY HAWKINS IN HARARE

A CHAPTER of Zimbabwean history came to an end on Wednesday night when black and white MPs in the House of Assembly voted unanimously to abolish the seats in parliament specifically reserved for whites.

The legislation will become law next month after it has been approved by the Senate. Surprisingly even the ruling Zanu-PF party strongly opposed at the Lancaster House talks.

While there is little white reaction to the abolition—being regarded as inevitable—Mr Partridge warned that as many as half the country's estimated 100,000 whites will leave the country over the next few years. While this is almost certainly a substantial exaggeration, it is expected that the rate of emigration which declined sharply in 1985/1986 will pick up again over the next two years though not to the extent envisaged by Mr Partridge.

In recent weeks a number of white MPs have crossed the floor to join Zanu-PF in the hope of being nominated for the vacant seats.

## Confident air as Algiers learns to relax its hold

BY FRANCIS GHILES

THE political temperature in Algeria tends to move up and down with the price of a barrel of oil. So it is that, despite a host of troubles which have crowded in on Algeria's President Chadli Bendjedid over the past year, the atmosphere in the capital has recently been surprisingly relaxed — spilling over last month onto the streets in the form of lively celebrations to mark the 25th anniversary of the country's independence from France.

The trial of supporters of former President Ben Bella, who since his departure from the country has been under a constant barrage of criticism against Algerian leaders, has evoked little more than indifference among the population at large. Separately, four death sentences passed last month after a trial of 200 Muslim fundamentalists who, after stealing weapons from a police barracks led the security forces a dance for more than 16 months, appear to have elicited no response at all.

There are other reasons why the Government seems to be feeling more confident these days. The political climate has undoubtedly been improved by recent signs of a more lenient approach to opposition. In the spring, the young Algerians who had been imprisoned after last November's riots in the eastern towns of Setif and Constantine were all released. So were the founders of the first ever Human Rights League in Algeria, Maître Abdelouahed Ali-Yahia and eight of his friends who had been jailed for eight years in December 1985.

Since the riots, the authorities have also paid greater attention to the needs of young Algerians. Two-thirds of the country's 23m population are less than 20 years of age and many of them have a keen interest in the political ideas which still motivate many of their elders.

The fact that water is now available 24 hours a day in a capital city which suffered two decades of neglect also helps. The first portion of an ambitious water plan was completed just before the Muslim fasting month of Ramadan, which was taken to be a good omen.

Perhaps most importantly, President Bendjedid finally seems to have regained the political initiative which last year seemed to be slipping from his hands as a result of ill health and sliding oil prices.

There are several strands of evidence for this. Last December, the President sacked his chief of staff, Gen Mostefa Belouicid. The reasons for the move have never been explained, but Gen Belouicid is known to have upset many of the hard guard officers whose privileges he was allegedly seeking to curtail.

The new National Assembly, elected in March, is younger than its predecessor, far better educated (70 per cent of all deputies hold a degree), and seems keen to move the country towards a more "unbureaucratic" Algeria. Earlier this month, it passed a freedom of association law — the first time since independence that the monopoly of the ruling Front de Libération National party had been breached.

A new Interior Minister, Mr El Hadj Khediri, has been appointed. Mr Khediri, a former internal security chief, fully supports the new freedom of association law. Furthermore, his appointment should help to rationalise parts of the Algerian

ALGERIA IN 1987	
Exports	9.5
Imports	7.5
Trade balance	2.0
Debt interest payments	1.3
Services	0.5-0.7
Principal debt and medium-term debt repayments	2.4
Foreign reserves (minus gold)	1-1.2

FT estimates

power structure. He may bring provincial governors who have been acting with little regard for the central government for the last three years under greater control. In particular, he may curtail the activities of the many locally-sponsored state companies which have run up debts amounting to Dinars 25bn (\$3.6bn) since they were created in 1983 and have made life for foreign contractors even more difficult than normal. The new minister will also retain control of the police.

Things have also been improving for Algeria's Relations with France, which have fluctuated dramatically in the past, are now extremely cordial. A French offer of \$500m (\$500m) worth of credit and concessional aid to Algeria last April was much appreciated.

Algeria has been taking advantage of rising foreign income and a drastically reduced foreign debt to reduce the arrears with foreign companies which accumulated at the end of last year.

Even in the Maghreb, where Africa and shifting alliances between states seem to be an almost permanent condition, things are not looking as bad as they were. President Bendjedid met King Hassan of Morocco last April and soon afterwards there was a prisoner exchange between the two countries since the conflict over the Western Sahara began.

The foreign ministers have since met a number of times. Algeria's cutbacks on imports have affected arms like everything else, a clear sign that it does not expect the conflict to escalate.

Libya, for its part, seems less troublesome than hitherto. Following strong pressure from Algeria, Col Muammar Gaddafi has begun compensating Tunisia for the losses it suffered after 32,000 of its nationals were expelled from Libya two years ago. Some observers believe Libya may soon join the treaty of non-aggression and co-operation which binds Algeria, Tunisia and Mauritania. However slow and halting progress may be, relations between the five countries of North Africa look more settled — the Western Sahara issue notwithstanding — than between most other groups of states in the Arab world.

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## Solidarity to spend \$1m from US Congress on health care

BY CHRISTOPHER BOBINSKI IN WARSAW

THE LEADERSHIP of Solidarity, the Polish underground trade union movement, has decided to spend on medical aid in Poland the \$1m grant voted recently by the US Congress.

Mr Lech Walesa, the Solidarity leader, has written to Congress that in spite of his movement's pressing "organisational needs" problems with health care were so great that the money would be better spent there.

The Polish authorities have said that the Congress vote showed that Solidarity was little other than a US-financed

organisation. Mr Jerzy Urban, the Government spokesman, mocked solidarity for having "decided to spend the \$1m grant for money."

He said: "This is the end of the legend that the Solidarity leaders are working for the Polish interest."

The Congress grant has caused embarrassment to Solidarity's leaders who until now have received aid from Western trade unions, including the US union federation, the AFL-CIO. The \$1m medical aid fund will be handled by an office affiliated to the AFL-CIO which was at first disconcerted by the strong right-wing backing for the Congress vote.

Congress has also voted \$10m for the Polish church's aid to agriculture scheme and \$2m for a US-built hospital in Poland.

The grant to the agriculture fund is to be repeated in 1988 while 40,000 tonnes of agricultural commodities are to be donated to Polish "state government agencies" between 1988 and 1992 under the terms of a motion now before Congress.

## Shamir ends visit to Romania

By Judy Dempsey in Vienna

MR YITZHAK SHAMIR, the Israeli Prime Minister, left Romania yesterday after a three-day visit in which the Romanian President Mr Nicolae Ceausescu failed to get Israeli agreement for the convening of an international Middle East peace conference.

Speaking to journalists in Bucharest before his return to Israel, Mr Shamir said: "We do not prefer an international conference but we are ready for any other form of contact, including a regional conference."

He said these plans, of which he gave no details, were not excluded by Ceausescu with whom he held lengthy talks. In the past, Mr Ceausescu has favoured an international peace conference and was hoping to regain some of the initiative in acting as a mediator.

Little was said by either side in public about whether Romania would be used as a transit route for Jews now being allowed to leave the Soviet Union.

On average 900 Soviet Jews a month pass through Vienna on Israeli visas. The majority choose to settle in the US, Canada or Australia. For demographic and ideological reasons, Mr Shamir supports a more direct route to Israel.

Romania was the only East bloc state not to follow Moscow in breaking ties with Israel during the 1967 Middle East war and Mr Ceausescu has pledged to work for an international peace conference with the participation of the Palestinian Liberation Organisation.

Mr Shamir said the Romanian president, who last week met PLO chief Mr Yasser Arafat, also raised several alternatives to an international conference that the Israeli Prime Minister said he would consider.

## Lebanese released in Karami death probe

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

A 25-year-old Lebanese who has been held in custody in Sweden since the beginning of August suspected of complicity in the murder of Lebanon's Prime Minister Rashid Karami, was released yesterday.

The Swedish Foreign Ministry said Mr Elie Louis Slaibi was no longer suspected of any crime.

Mr Hassan Saad, charge d'affaires at the Lebanese embassy in Stockholm, said that Lebanon no longer had any reason to pursue the planned extradition proceedings. "We have checked the information he gave us and found it to be correct," he said.

Mr Stig Hansson, senior public prosecutor in Stockholm, said he had not been given any reason as to why the Lebanese authorities had withdrawn their suspicions against the 25-year-old airport worker.

Mr Karami was killed on June 1 when a bomb exploded in the helicopter in which he was travelling.

Mr Slaibi has applied for political asylum in Sweden, and his case will now be dealt with by the Swedish immigration authorities.

Shortly after his arrest in Sweden he was interviewed by a delegation from Lebanon including Judge Walid Gama, who has been dealing with the Karami case. Suspicions arose against him when he left Lebanon quickly shortly after the Karami assassination.

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## Possible second autopsy delays Hess burial

RUDOLF HESS, Hitler's deputy, will not be buried this week in Wiesbaden in West Germany as expected, the mayor of the town said last night as Hess's family considered whether to order a second autopsy, Reuter reports.

"There will be no funeral this week," mayor Mr Karl Walter said after a surprise meeting at the town hall with Hess's son, Mr Wolf Ruediger Hess, and his former lawyer, Mr Alfred Seidl.

The lawyer said Mr Wolf-Ruediger Hess would make a statement from Munich today on whether the family would order a second autopsy.

Mr Walter had earlier said he was due to meet Mr Wolf-Ruediger Hess today.

Hess, the last surviving top member of the Nazi hierarchy, was found choked with an electrical cable around his neck

## White House denies US seeking NATO summit

THE White House yesterday denied press reports that President Reagan was seeking a summit of NATO leaders, probably in New York in the autumn. Reuter reports from Santa Barbara, California.

"There is no such meeting planned," presidential spokesman Martin Fitzwater said. "The story is not true."

Press reports in Tokyo and Bonn said Mr Reagan was seeking a summit of the 16 NATO allies and Japan to discuss arms control and other issues. West German government sources had also said that Washington had begun sounding out NATO opinions on a meeting and British officials in London had indicated that NATO members and Japan were considering a summit to discuss arms control and East-West relations.

Mr Fitzwater noted that Mr Reagan would travel to the United Nations General Assembly in New York this autumn and undoubtedly

would hold formal meetings with allied leaders. But he said no allied summit had been proposed.

Continuing a US-Soviet attempt to negotiate a nuclear arms control agreement have raised the prospect that there could be a summit conference between Mr Reagan and Soviet leader Mr Mikhail Gorbachev in Washington late this year.

While close co-ordination among the Western allies would normally be part of preparations for such a superpower summit, US officials say such co-ordination would be handled through normal diplomatic channels and no allied summit conference would be needed. The last NATO summit of heads of governments and state took place in Brussels in 1985 after President Reagan and Mr Gorbachev had met in Geneva.

The Superpowers are close to an agreement that would abolish medium-range nuclear missiles world-

Summer stripping is common in the parks of Munich and Frankfurt, Haig Simonian reports

## Sunseekers take nudism to W German city centres

THE guidebook said nothing about nudity. Last month's quiet sunshine stroll in the depths of the Taunus hills, just north of Frankfurt, searching for the ruins of Hattstein castle, was meant to be a pleasant intellectual distraction, not an unexpected shock.

In fact, the ruins were so significant they were overlooked somewhere up the path. Missing the naked bodies of the dozens of young Germans cavorting round a small pool in the depths of the forest clearing was another matter.

It could have been the setting for "A Midsummer Night's Dream," though in this case the young cast was less enthralled by its, albeit unwilling, audience than the normal actors depicting Tatiana and her crew.

What the incident again showed was that nudism is big in West Germany. The recent wave of cooler weather obliged all but the hardiest naturists to wrap up warmly, but come the sunshine and increasingly large numbers of Germans are stripping off again.

It is not just an out-of-town phenomenon. Quite the opposite; the most dedicated German sun-seekers generally tend to be urban. Perhaps a more conservative moral code applies



The Grunewald park in Frankfurt has no shortage of nude sunbathers when the temperature rises

in the country, where Germany's Evangelical and Roman Catholic churches still exert a strong influence. Certainly, many of the cars parked along the road leading to my Taunus idyll had Frankfurt, Wiesbaden or even Mainz city number plates.

Swimming, playing ball or just plain sunbathing in the nude out in the country is clearly popular for angst-laden German city-dwellers. But in a country best known for its material success, outsiders tend to forget the strong tendency for romanticism in German folk culture. The forest, fresh air and natural beauty, are all deeply rooted in German literature and music.

But in Germany there has to be a scientific reason too. Perhaps the popular penchant for sun-seeking goes back as far as the turn of the century, when a vigorous campaign was waged to fight "the English disease" of rickets, which took hold of many children living in damp, lightless back courtyards of city-centre tenements. Youngsters were encouraged to get out into the fresh air and sunshine, where the vitamin D would help to prevent bones breaking. In the 1920s came the

lunchtime when the numbers are swollen by nearby office workers.

Germany's summer stripping brings with it an equally seasonal crop of newspaper articles. Bild Zeitung, the down-market popular daily which never uses a two-syllable word where one will do, makes the subject a speciality. Short and pithy articles investigating German sun worship are usually accompanied by large photographs of shapely naked young women explaining why they like to sunbathe in the nude.

As the world's foremost foreign travellers, Germans flock to the Mediterranean come the summer holidays to guarantee an all-rounder tan. However, that is sometimes easier said than done. Increasingly popular holiday destinations like Cyprus have found it hard enough to adjust to topless bathing, let alone the full-frontal variety.

Meanwhile, health-obsessed Germans have not yet latched on to the skin cancer scare. Aids remains entrenched as the top disease in the news at present. But if too many Germans decide to make a fad of naked beachside sunbathing this summer, it may have to move over for melanoma.

But the most plausible explanation is the city's convenience and attractive parks. Both the beautiful Englischer Garten, a large park with a lake, and the attractive banks of the River Isar, seem to offer the right balance between atmosphere and theoretical seclusion. But ambience almost cannot be the explanation for young urban Germans' naked sun worship. Even the Grunewald park in down-to-earth, business-like Frankfurt has no shortage of nude sunbathers when the thermometer soars, especially at

## OVERSEAS NEWS

## S. African report urges radical taxation reform

JIM JONES IN JOHANNESBURG

SOUTH AFRICA's tax structure will be altered radically if the Government accepts the proposals of a commission of inquiry.

The Margo Commission's report, released in Cape Town yesterday by President P. W. Botha, recommends a comprehensive restructuring intended to restore fairness and neutrality to a system which has given rise to widespread legal avoidance and tax evasion, and whose tax base has been significantly eroded.

The report adds that the present system is resented by urban blacks. It recommends lower rates of conventional taxes on income and sales provided that a new Comprehensive Business Tax (CBT) is levied on a broad corporate activity base.

It is proposed that the CBT base be the sum of all incomes generated by a business's activities. This would include salaries, wages, interest, royalties, rent, profit and depreciation but would exclude gross investment.

The report argues that taxation of corporate profits alone is inadequate as the state's income can fluctuate sharply, while the new base proposed for the CBT will provide



President P. W. Botha

adequate protection for the state from the effects of inflation and the business cycle.

The main intention of the proposals is to broaden the tax base considerably and to keep tax rates low. If the CBT is introduced, the commission believes general sales tax can and should be cut from its present 12 per cent to 4 per cent and significantly lower rates of private and corporate income taxes will be possible.

This, in turn, will be coupled with far fewer exemptions and will, it is hoped, lead to a higher level of tax morality, fewer incentives to avoid or evade tax and encourage the taking of business decisions on economic rather than tax-saving grounds.

Tax morality among white South Africans has deteriorated sharply in recent years as individual income taxes and general sales tax have increased as a proportion of the total tax burden.

The Margo Commission has aimed at equity for the poorer, mainly black, sections of society by suggesting better targeting of assistance.

It suggests, therefore, that food should not be exempted from general sales tax as it is at present and that direct assistance such as food stamps be distributed to needy people.

This principle is extended to the corporate sector with the suggestion that exemptions intended to achieve specific economic objectives are not granted.

Rather, the commission suggests, tax exemptions should be replaced by direct and precisely targeted subsidies or assistance.

## Residents of Beirut join in protest

CHRISTIANS and Moslems joined hands in a "human chain" across the city's dividing Green Line yesterday in the first such protest against the 12-year-old civil war, AP reports from Beirut.

An estimated 3,000 men, women and children of all ages, most of them dressed in white, held hands across the high sand rampart that divides Beirut into sectarian halves.

"Yes, yes, yes to Peace," chanted the group of Christian demonstrators as they headed from east Beirut toward the capital's Moslem half.

"We want only one Lebanon," shouted the Moslem marchers as they walked slowly toward the east across the Museum Gate that connects Beirut's two sectors.

Children, most of them under 10 years old, then rushed from both sides of the Green Line, climbed up the rampart and joined hands to link up in what the organizers called a "human chain."

A white-scarfed Moslem woman, her eyes brimming with tears, wailed as two boys - Hisham Mohiedine, 8, a Moslem and George Karim, a 5-year-old Christian - joined hands on top of the rampart.

"It is a white day in our dark life," commented the Moslem-controlled Voice of the Nation radio

## Colombo investigates assassination bid

SRI LANKAN authorities began inquiries yesterday into whether an attacker who tried to kill President Junius Jayewardene had help from abroad, Reuter reports from Colombo.

Prime Minister Mr Ranasinghe Premadasa said investigators were working on a theory that Tuesday's grenade attack was "internally motivated and externally assisted." He did not elaborate.

Mr Premadasa, who was injured in the attack, told a parliamentary meeting it was "absolutely necessary to find out the truth, the motive, the aim and those responsible."

Official sources said police had detained four people for questioning.

Mr Jayewardene escaped unhurt after a gun was fired and two grenades tossed into a cabinet meeting room in parliament. One member of parliament was killed and six ministers injured.

Police believe the assassination attempt was part of a backlash against a peace accord with India to end a four-year Tamil rebellion in which 6,000 people have been killed.

Legislators returned yesterday to the heavily-guarded parliament but the Speaker, Mr El Senanayake turned down an opposition demand for a debate on the pact.

Before the session began Mr Senanayake said all reports of parliamentary proceedings would be censored.

This story was submitted for cen-

sorship but no changes were made.

The Government began censoring reports in the local media three weeks ago when violence flared against the peace accord Mr Jayewardene signed with Mr Rajiv Gandhi, the Indian Prime Minister.

Reports by foreign correspondents, other than those relating to parliament, are still exempt from censorship.

Mr Senanayake announced the move when MPs began discussing a motion to extend a nationwide state of emergency for a further month.

Opposition MPs charged the Government wanted to maintain the state of emergency to keep itself in power.

Parliament looked like an army camp yesterday.

Heavily-armed police commands and troops guarded halls and balconies and police launches patrolled the man-made lake surrounding the sprawling three-storey complex 16 kms north of Colombo.

Mr Jayewardene, who is not an MP, was not present.

The agreement and the presence of about 7,000 Indian troops to supervise its implementation has angered Sri Lanka's Sinhalese Buddhists who make up 74 per cent of the 16m population.

Government ministers blamed the banned Marxist People's Liberation Front (JVP) for acts of violence in the south and called for a dialogue with all factions to ensure true peace and democracy.

## Seoul sets deadline for constitutional talks with opposition

BY RICHARD GOURLAY

THE South Korea Government yesterday set the end of August as deadline for talks with the opposition on revisions to the constitution in the first stage of democratic reforms before presidential elections later this year.

The ruling Democratic Justice Party's presidential candidate, Mr Roh Tae-woo, said that any issues still unresolved by the bipartisan committee at that stage should be elevated to talks between himself and the opposition party president, Mr Kim Young Sam.

The committee which first met two weeks ago, has resolved a number of issues including agreeing to reform the labour laws but key issues remain to be tackled. These are whether the preamble, which already refers to a number of key historical events in South Korea's history, should include

reference to the killing of between 200-1,000 people in Kwangju city in 1980 by government troops during the term of the current President Chun Doo Hwan.

Other critical issues are the term of the President and whether to lower the voting age

from 20. Younger voters generally support the opposition, analysts say.

In June after weeks of student led demonstrations that were supported by many in the middle classes, the Government gave into opposition demands for democratic changes including direct presidential elections. President Chun had planned to hand over power to Mr Roh in February next year.

The opposition has made only muted comments about the fate of about 200 political prisoners who, government officials say they will not release because they are arsonists and communist supporters. These prisoners have become the focus of student street demonstrations which last week brought riot police and teargas back to Seoul's streets.

Students return to university at the beginning of September by which time the Government and the opposition want to have the constitutional talks resolved. It will be followed by a referendum and approval of a new election code by the National Assembly.

## Weather delays Gulf convoy

BY TONY WALKER IN BAHRAIN

HIGH WINDS, heavy seas and poor visibility appear to have temporarily delayed the latest US escorted convoy of Kuwaiti tankers on its journey up the Gulf.

Late yesterday, the convoy which includes three tankers and six US warships was reported to be anchored off the Saudi Arabian port of Ras Tanura just north of Bahrain.

This is the third US escorted convoy to attempt the 550-mile voyage from waters outside the Strait of Hormuz to Kuwait in the northern Gulf since the American re-flagging operation began in July.

The bad conditions in the northern Gulf yesterday are believed to have made it difficult for Sea Stallion mine hunting helicopters to operate. The huge Sikorsky helicopters use

a sonar device drawn through the water by a cable to detect mines. This exercise requires relatively calm conditions.

The Sea Stallions are operating from the Marine assault vessel USS Guadalcanal which resembles an aircraft carrier with its large "flat top" deck. Other US warships in the convoy are the cruiser Worden, the guided missile destroyer Kidd, and the frigates Crommelin, Klakring and Jarrett.

The Kuwaiti tankers flying the "Stars and Stripes" are the 285,000-ton petroleum ship Townsend and the 46,000-ton liquefied gas carriers Gas Queen and Gas Princess.

Meanwhile, it has been reported that on Wednesday an Iranian navy frigate fired warning shots across the bow of a Yugoslav cargo vessel as it was

steaming off Dubai in the central Gulf. Iranian naval officers then boarded the 5,500-ton Bribir to inspect its cargo before allowing it to continue its journey.

Iran has been stopping ships regularly for the past several years in the southern and central Gulf in an effort to deter the shipment of arms to Iraq by way of Kuwait.

The incident involving the Yugoslav cargo vessel took place about 40 miles astern of the latest US escorted convoy of Kuwaiti tankers as they sailed northwards towards Kuwait.

Shipping sources said the Iranian frigate fired shots across the Bribir's bows after it ignored an order to stop. No shots hit the cargo vessel.

## Chad beats off Libyan attack on Aouzou

BY GEORGE GRAHAM IN PARIS

CHAD HAS repulsed a second Libyan counterattack on Aouzou, in the strip of territory disputed by the two countries, the Chadian ambassador in Paris said yesterday.

The attack took place on Wednesday the ambassador said, adding that Chadian troops had shot down a Libyan Mig 23 fighter aircraft and a combat helicopter.

Aouzou was captured by Chad on August 6, and a first Libyan counterattack was beaten off on August 14.

Chadian officials in Paris have indicated their disappointment at France's reluctance to back their move into the Aouzou strip in the north of the country. They have sought air support and armaments,

especially the Milan anti-tank missiles produced by Aero Spatiale.

The French Government, which favours international arbitration over the disputed Aouzou strip, has refused to extend its Operation Sparrowhawk military aid to Chad further north than the current limit of the 16th parallel, and is understood to be trying to modify Chad's demands for more military equipment.

The policy has not appeared to be unanimous, however, and Mr Andre Girard, the right-wing Defence Minister, seems to be willing to go further in support of the Government of Mr Hissene Habre than Mr Francois Mitterrand, the Socialist president.

## Bhutto leads Karachi march

OPPOSITION leader Benazir Bhutto led a marathon anti-government march yesterday through Pakistan's biggest city partly to dispel fears she would quit politics after her forthcoming arranged marriage, Reuter reports from Islamabad.

Miss Bhutto, 34, toured Karachi for 16 hours and addressed a total of 100,000 people at 12 places, members of her Pakistan People's Party said.

Party officials said Miss Bhutto wanted to counter the view that her planned marriage had eroded her support.

Benzir, daughter of executed former Prime Minister Zulfikar Ali Bhutto, announced her engagement in London last month to Karachi businessman Mr Asif Ali Zardari.

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By: D. A. McKey  
Managing Director

Dated: August 21, 1987

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## WORLD TRADE NEWS

## US circuit board tariff rule angers computer makers

By LOUISE KEHOE IN SAN FRANCISCO

A DECISION by the US Customs Service to classify computer circuit boards as computer equipment subject to import tariffs is raising protests from the electronics industry in both the US and Japan.

According to US electronics industry officials, the Customs Service has begun to assess 100 per cent import tariffs on certain circuit boards imported from Japan. This follows its ruling that the boards fall within the group of products covered by US trade sanctions imposed in retaliation for alleged violations of the US-Japanese semiconductor trade agreement.

In addition, imports of the computer circuit boards are now subject to a standard 4 per cent import duty, Customs has decided.

At issue is the classification of circuit boards incorporating microprocessors, such as those used to make personal computers. Previously, these boards have been classified as computer "parts" and have been imported into the US duty free. Now, the Customs Service has ruled that the circuit boards are capable of performing complete calculations and will be subject to duties charged upon "data processing equipment."

The impact of the ruling upon US computer makers could be severe, according to US industry groups. The Computer and Business Equipment Manufacturers Association has

requested a 60-day suspension of the tariff ruling, pending a review of the issue, and the American Electronics, the largest US electronics trade group is investigating the problem.

In Japan, Mitsubishi, which is understood to be a major supplier of personal computer circuit boards to IBM, complained that recent shipments of its personal computer boards to the US have been subjected to duties of over 104 per cent. Unless the Customs Service ruling is overturned, it may significantly increase the impact of the punitive tariffs imposed on selected Japanese goods last April.

The tariffs were intended to be applied to an estimated \$300m of Japanese exports to the US. They were subsequently reduced to reflect partial Japanese compliance with the semiconductor trade pact. By including circuit boards in the categories covered by the 100 per cent tariffs, however, the total value of goods affected may be much higher.

One solution, which has reportedly been adopted by some Japanese manufacturers, is to circumvent the duties by omitting the key microprocessor chip from the computer boards. Without the microprocessor, the boards are incapable of calculation and could therefore be exported to the US duty free.

## France places firm order for fourth Boeing Awacs

FRANCE HAS placed a firm order for a fourth Awacs E-3A radar surveillance plane with Boeing Co SA in order to meet its defence needs, the French Defence Ministry said yesterday. Reuter reports from Paris.

The firm order was converted from an option taken out last February, with an option on two more. Each plane is worth more than \$150m.

\* Studies made in recent

months have confirmed the need to have four airborne radar surveillance systems for current operational requirements," the ministry said. The planes are due to be delivered by 1991.

Defence Minister Andre Girard said last February that the total cost of the original three Awacs planes, including support systems, would be FF 5.75bn at 1986 prices, with the total cost of the planes alone being \$550m.

## Indonesia in W German aircraft research link

By John Murray Brown in Jakarta

INDONESIA has signed a co-operation agreement with West Germany on aeronautical research, giving a further boost to the country's growing aviation industry. The second agreed this week between Indonesia's Minister for Research and Technology, Dr B. J. Habibie, and his West German counterpart, Dr Heinz Riesenhuber, covers helicopter and fixed-wing research into a variety of civil aeronautical technologies.

Indonesia already has joint venture aerospace projects with the state-run company PT Nusanantara (IPTN), working together with Messerschmitt-Bölkow-Blohm to produce the BO-105 and BK-117 helicopters. In March Messerschmitt awarded IPTN a licence to produce the twin-engine BO-105 for export, underlining the long-standing relations Dr Habibie enjoys with West German aircraft manufacturers whom he was director for technology applications in the early 1970s.

Messerschmitt is also considering a collaboration with Boeing of the US and the Dutch company Fokker, to build the Atrix Mountain, a passenger aircraft the size of a DC9.

Dr Riesenhuber's visit this week comes as competition is mounting to tender for the construction of Indonesia's first commercial nuclear reactor. Though a final decision to build has yet to be taken, the West German company Kraftwerke Union, a wholly-owned subsidiary of Siemens AG is believed to be front runner for the \$2bn, 600 megawatt pressurised water reactor.

Eastern leasing deal

EASTERN AIRLINES, a unit of Texas Air Corporation, said it plans to lease five DC-9-50 aircraft to "rationalise its fleet" by providing a better mix of wide body and narrow body aircraft.

It said the 123-seat aircraft, which will be delivered in September, were formerly operated by Transair Airlines, which ceased operations earlier this month.

The carrier said the planes will be leased from a subsidiary of Texas Air.

John Wicks reports on the damaging effect on exporters of a high exchange rate  
Swiss order books start to feel the pinch

SWITZERLAND'S engineering industry is facing a noticeable decline in new orders. Although domestic demand for plant and equipment is substantial and increasing, foreign markets are showing a marked decline. The problem is still far from a crisis, but the industry is suffering from the loss of business and unsatisfactory profit margins.

As exports traditionally account for about 60 per cent of overall business, manufacturers are increasingly concerned at the disadvantages they face by being based in a hard-currency, high-cost country.

In the first half, total new business value was down by some 4.2 per cent on the corresponding period of 1986. Orders on hand are equal to an average 8.8 months' production, the lowest point since three years. At the same time, prices have remained close to, and not in-freely below, 1986 levels.

Reported export orders were down some 8.9 per cent in the first half, second-quarter figures having been the poorest since mid-1984. Order books are particularly thin in such product groups as machine tools, heavy machinery and electrical engineering.

Switzerland remains one of the world's leading exporters in this sector, figuring in second place as a supplier of textile machinery, precision tools and machine tools.

Thanks mainly to foreign orders, some 200 members of the Swiss Association of Machinery Manufacturers (VSM) showed combined order book value of SwFr 15.1bn (\$5.1bn) in mid-1987 and capacity use is correspondingly high. The remarkable degree of specialisation in Swiss production programmes seems to guarantee a prominent place in the world market of the future.

The biggest single difficulty is the exchange rate. Over the past 10 years the trade-weighted Swiss franc has risen by almost 50 per cent. The worst problem is that of the weak dollar, still not substantially higher than May's historic low of SwFr 1.45.

The D-Mark is even more important as West Germany is the Swiss engineering industry's leading foreign supplier and competitor. Dr Fritz Leutwiler, chairman of Brown Boveri and former head of the national bank, caused quite a sensation recently when he called for official action to boost the D-Mark, though most of his colleagues in the machine-building sector seem relatively happy with the current situation.

While not much can be done to alter exchange rates and nothing can be done to boost foreign economies — the industry feels that it could at least do more to protect itself from the effects of the D-Mark's tougher markets.

One way, says Mr Wolfgang



Leutwiler: called for action to boost D-mark

Marti, VSM president and managing director of the Hasler electrical engineering concern, would be for the Government to "shoot its own goals" — the Swiss authorities, he said in Zurich last week, were creating obstacles for exporters by introducing standards such as those controlling emission and air pollution which went further than those of the EC.

Switzerland, he said, should guard against discrimination or isolation in its relations with

the Community. He also called for a "sensible" national environmental policy which was economically viable and for moves to offset Switzerland's relatively poor international showing in respect of exporting financing.

In fact, the Government is already acting to improve the competitive ability of Swiss exporters. Parliament has been sent, by the federal council, a draft of a SF80m project to finance Swiss participation in joint European technology programmes in 1988/91 and on October 1 the VSM is to open a special bureau for the co-ordination of Swiss operations of this kind.

Berne has also cut the outstanding government loan to the national export risk guarantee programme from SwFr 900m to just SwFr 120m by making assets out of the sums owing under debt-consolidation schemes. Mr Marti would also like to see large-scale deficits under the programme, incurred when exchange-rate losses were still insurable, eventually written off. In general, he adds, the programme — which works with relatively big premiums and low coverage rates — should be made more attractive so as not to be simply a magnet for bad risks.

The Government has also had some success in countering protectionism. It refused point-blank to agree to the US quota

system for machine-tool deliveries and the matter seems now to have been shelved — not least because corresponding US-bound Swiss exports are below what the ceiling would have been anyway.

The Swiss authorities have also won the day in Washington over discrimination in comparison with member countries of the Co-ordinating Committee for Multilateral Export Controls (Cocom). After registering complaints, Switzerland is now treated virtually as a Cocom member, its national export controls in respect of deliveries of strategic goods to the East bloc having been recognised by the US as being sufficiently comparable to Cocom practice.

As far as the industry's own efforts to boost foreign sales are concerned, the most important recent development was last week's announcement of a planned merger between Brown Boveri and the Swedish Asea group. Although this may mean the loss of some Swiss jobs, it should open up new markets.

Here too, though, the Government is called on for support. Dr Leutwiler, saying that the "tax question is in the forefront" in the location of the Asea-Brown Boveri headquarters, urged a "sensible" attitude on the part of the authorities to allow the new company to be based in Switzerland.

## Hewlett-Packard and Sony in computer collaboration

By DAVID THOMAS

SONY, the Japanese consumer electronics group, and Hewlett-Packard, the US computer company, are collaborating to adapt a revolutionary Japanese sound system for the computer industry.

The system, digital audio tape (DAT), allows almost perfect reproduction of sound on disc and has caused a row with the western music industry which fears the system will drain its copyright income.

Sony and Hewlett-Packard have agreed to adapt the system for the computer market and hope to begin selling the products at the end of next year. Development of the product will be carried out by Sony in Japan and Hewlett-Packard at its computer peripherals plant in Bristol, UK. Manufacturing may also take place in

these two locations, though this has not been finally decided. The two companies say that since audio is recorded digitally in a similar way to computer information, DAT technology is readily adaptable for use in storing data.

They intend to develop products that make use of capacity of more than 1.2 gigabytes, about five times that of five-inch floppy discs, with access time of 20 seconds or less.

They say that DAT's small size makes it suitable for use in a single tape for the computer market to cost about \$8 and that it will have twice the capacity of a CD-ROM disc.

## New boost for Brazil-Mexico bilateral trade

BRAZIL and Mexico have agreed to make fresh efforts to boost bilateral trade, which has been declining since the Latin American debt crisis began in 1982, AP reports from Mexico City.

Presidents Miguel de la Madrid of Mexico and Jose Sarney of Brazil signed an agreement yesterday that provides preferential treatment if one country runs a substantial trade surplus with the other.

"Whenever the commercial surplus in favour of one exceeds levels of 10 per cent of the total trade during two consecutive years, the country in surplus will commit itself to widen the margins of preference in favour of the country in deficit or to include new products of interest for (the deficit country)."

## US textile industry urges global import control law

By ALICE RAWSTHORN

THE US textile industry has renewed political pressure to lobby for legislation regulating imports of textiles and clothing, following the announcement of a record US textile trade in the first half of the year.

Mr Robert Laidlaw, president of the American Textile Manufacturers Institute, attributed the growth in imports to "the Administration's failure to make any kind of positive impact in the area of textile and apparel trade."

He warned that imports threatened "the jobs and job opportunities of American workers." The Textile and Apparel Trade Act, which would impose global quotas on the flow of textile imports into the US, is now being considered by the House of Representatives and the Senate. It has already been

accepted at the committee stage and will go before both Houses when they return from the summer recess next month. The House of Representatives is scheduled to vote on the Act on September 16.

In late 1985 a similar piece of legislation, the Jenkins Bill, was accepted by both Houses but vetoed by the President. It narrowly failed to win the support it needed to override the veto.

The influx of imports into the US has since accelerated. According to statistics recently released by the US Department of Commerce, the textile and clothing trade deficit rose to a record \$11.86bn in the first six months of this year — an increase of 22.5 per cent on the same period in the previous year.

## AMERICAN NEWS

## Argentina to sign bank debt deal today

By Tim Coome in Buenos Aires

Argentina is due to sign in New York today an agreement to roll over \$34.7bn of principal owed to its commercial creditors, together with a new loan package worth \$1.95bn.

Final agreement on the deal has been pending since last April when the terms of the renegotiation were worked out with the steering committee of Argentina's 320 creditor banks.

Disbursement of the funds, and final signature of the agreement, however, were conventionally on a loosely-defined "critical mass" of the 320 banks supporting the arrangement, which has taken four months to negotiate.

Under the agreement, \$29.5bn of principal payments falling due between 1986 and 1996 have been rolled over for between 12 and 19 years, with a five-year grace period.

There is thus a postponement of any further principal payments until 1992; these will be paid gradually from \$300m per year in 1992 to almost \$350m in 2005.

The interest payable has been switched from US prime rate to Libor, with the spread reduced to 1 of one per cent. A further \$5.5bn in short-term trade credits is also included in the agreement.

The package is an example of the new "menu" approach to the debt problem, as it includes the so-called "exit bonds" which permit the smaller banks to extract themselves from each round of debt renegotiation, by swapping the debts owed them for long-term fixed-interest rate bonds.

Despite the terms of the agreement, which have been widely considered as highly favourable for Argentina, numerous warnings have been made by government officials in recent weeks that the foreign debt continues to be a serious problem for Argentina's economy and that "a new approach" is needed.

A sharp decline in Argentina's trade surplus this year will necessitate a return to negotiations in 1988 for more money from the banks.

## Ecuador to resume exports of oil

ECUADOR officially announced that it would resume petroleum exports this weekend. AP reports from Quito. They were halted by an earthquake last March.

William Orme reports on reforms which have gone some way to improving an inefficient tax system

## Tax evasion takes its toll of Mexico's revenue

DESPITE A boost to Mexican federal revenues, business leaders are complaining that new tax rules are more complex than ever and officials are convinced that tax evasion is still rampant in the country.

From the outset of the financial crisis in 1982, when inflation was accelerating and the International Monetary Fund was demanding smaller budget deficits, Mexican authorities knew they would have to overhaul their notoriously complex and inefficient tax codes.

"We inherited a system that simply wasn't designed to function with high inflation," a federal budget official said. "It was also simply not generating enough money. But, with the exception of an increase in value added taxes from 10 per cent to 15 per cent in 1983, no major changes were enacted until late last year."

In July 1986, in a letter of intent seeking IMF backing for its new foreign loan request, Mexico said reforms coming into effect in 1987 would boost revenues by a substantial 1.3 per cent of gross domestic product, or nearly \$3bn. In November the new rules became law.

Now, halfway through the year, tax collectors say the DMF's target is well within reach, with corporate tax revenues climbing a substantial 15 per cent in real terms compared with the same period last year.

From 1980 to 1986 fell from 2.8 per cent to 1.6 per cent of gross domestic product, but in 1987 they are expected to rise to 1.9 per cent.

At least two thirds of the recent corporate tax decline, officials calculate, came from the deduction of interest payments — a provision of the old code that is now being phased out. Most of the rest of the drop was caused by the lag between rising inflation and quarterly tax payments; corporate taxes are collected monthly.

New revenue-sharing incentives for state governments have boosted the collection of value added taxes by 9 per cent.

New revenue-sharing incentives for state governments, meanwhile, have boosted the collection of value added taxes by 9 per cent. The value added tax, its regressiveness eased by low rates on medicines and staple foods, supplied revenues equal to nearly 3 per cent of GDP.

Improvement has been slower Mexico's corporate tax payments with personal income taxes, which are owed by everyone earning over the minimum wage of \$5 a day.

By some informed estimates, fewer than 4m of this year's 12m tax returns will contain roughly accurate income statements. Millions of other potential taxpayers will not file at all. Personal income taxes, which now provide income equal to about 2.5 per cent of GDP, should provide up to twice that.

"The system is a joke. The Government pretends it is collecting taxes and the taxpayers pretend they are paying," said Rogelio Ramirez de la O, a leading private economist.

In part, tax evasion is a consequence of a sharply graduated system that pushes people of modest income into high payment brackets. A shopkeeper with earnings of \$6,000 is obliged to pay 35 per cent of that as taxes; if his annual income rose to \$10,000, the tax bite would increase to 40 per cent, at \$18,000 it jumps to 48 per cent. The highest of Mexico's 16 tax rates is 55 per cent.

"Few of us pay taxes in Mexico, but those of us who do, pay some of the highest rates in the world," said Bernardo Ardayin, president of the Mexican Employers Confederation. On the corporate level, tax collection is even more skewed. Four fifths of corporate tax payments are contributed by just 4,000 of Mexico's several hundred thousand taxable

enterprises. Yet Mr Ardayin readily acknowledged that astute money managers can whittle down payments to "reasonable" levels. "If you can afford good professional assistance you will probably come out all right, but smaller businesses that cannot are almost forced to cheat," he said.

The Government contends it is taking steps to crack down on tax evasion. In a street survey of northern Mexico City this year, the Finance Ministry found that one in 10 local businesses were not even listed on the federal tax rolls — a situation it quickly corrected.

Combined with a budget cut equal to 0.5 per cent of GDP, this year's improved tax

revenues should allow nearly 20 points of the federal deficit, officials assert. In 1986 Mexico's "adjusted operational" budget deficit reached 4.2 per cent of GDP, a figure that discounts most of the effects of inflation-driven peso interest rates. The 1987 financial deficit, however, which includes interest costs, is now expected to exceed both last year's 16.2 per cent and 1983's record 17.3 per cent.

Direct taxes, personal and corporate, have traditionally provided only a minor share of Mexico's total tax revenue, which dropped from 18.6 per cent of GDP in 1983 to 15.4 per cent in 1986, half of that provided directly and indirectly by Petroleum Mexicanos, the state oil monopoly.

In 1982 income from direct taxes dropped further, largely because of rules allowing full deduction for interest payments. Inflation, which hit 96 per cent in 1982 and has fluctuated since from a low of 60 per cent to 125 per cent today, also forced up interest rates. The result, an official said, is that dozens of big companies "were suddenly paying no taxes at all — and they were deliberately getting even deeper into debt because of the structure of the tax code."

Under this year's reforms deductions for interest were eliminated. Tax statements now show a clear trend toward lower

debt ratios in leading companies. The base rate for corporate payments dropped from 42 per cent to 35 per cent, meanwhile, and machinery investment can now be deducted fully in one year instead of several.

Yet to the anguish of bookkeepers and the delight of tax attorneys, the reforms are marred by what Mexican officials gingerly term "transitional complexity."

In 1987, only one-fifth of Mexico's corporate taxes will be collected under the new system; the remainder will still be figured the old way. The Government's 1987 tax revenue will rise in 1988 by 30 per cent, yearly increments of 30 per cent until 1991, when all taxes will be paid through the new rules.

Despite government promises of "simplification" for the next three-and-a-half years, Mexico will have two tax codes operating simultaneously. In a blunt attack on this "complicated and confusing" state of affairs, the national Chamber of Commerce Confederation this month demanded a new "simplifying" tax reform.

## Pinochet regime confident of victory in plebiscite

By MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet, the Chilean leader, said he was confident his regime would win the one-man presidential plebiscite scheduled to be held late next year, and criticised Chilean opposition leaders as "being fanatics completely divorced from the public's sentiments."

In a speech to supporters in southern Chile, Gen Pinochet called on the country's "silent majority" to register to vote and indicated that the regime's constitution would not be amended to allow open presidential elections.

"I am not the dictator of whom they so often speak," he said, adding that a dictator would have thrown out the country's constitution. Shortly after coming to power in 1973 the military

regime suspended the Chilean constitution and ruled that a new charter would be written. The constitution, drawn up by government officials and conservative civilian supporters, was ratified in a controversial plebiscite in 1980.

The constitution extended Gen Pinochet's term in office until 1989 and provides for a single presidential candidate selected by Chile's military junta to run in a one-man plebiscite. If the candidate — who could be Gen Pinochet — won a majority of "yes" votes, he would preside for an eight-year term in office ending in 1997.

The National Workers Command, an umbrella organisation of anti-government trade unions, has called for a one-day national strike on October 7,

## Swiss ruling on arms documents

SWITZERLAND'S higher court ruled yesterday that Swiss bank documents relating to the Iran-Contra affair should be handed over to US investigators. Reuter reports from Lausanne.

The federal court rejected an appeal by retired US Air Force Major Gen Richard Secord, Iranian-born US businessman Albert Hakim and Iranian entrepreneur Manucher Ghorbanifar against a Geneva court ruling which had ordered that the documents be released.

The documents relate to millions of dollars alleged to have been channelled through Swiss bank accounts as part of covert US arms sales to Iran and have long been sought by Mr Lawrence Walsh, the special prosecutor, investigating the affair.

## Pretoria role in Nicaragua explored

By LIONEL BARBER IN WASHINGTON

THE Reagan Administration explored the possibility of South Africa helping the Nicaraguan Contra rebels but later rejected the idea, according to testimony by a senior CIA official to the Iran-Contra select committee.

Mr Dewey Clarridge, a protégé of the late CIA director, Mr William Casey, flew to South Africa in April 1984 to hold talks with the Pretoria Government. But the proposal was dropped, apparently because of a public furor over the CIA's role in mining Nicaraguan harbours later that year.

It is unclear whether the Administration sounded out South Africa or vice versa. The disclosure, which came in declassified documents made available by the committee, illustrates the Administration's

determination to keep the Contra cause alive in the face of an impending Congressional ban on US military aid.

South Africa's apartheid policy has long been criticised in the US and this led to limited US economic sanctions last year. The US is currently weighing a Central American peace plan which envisages a cut-off of aid to the Contras in return for a ceasefire in the region and democratisation in Nicaragua.

The committee has revealed that the US Government later solicited money from a variety of donors including Saudi Arabia, South Korea, Brunei, and Singapore during the ban. Mr Clarridge told the House-Senate panel that unidentified South African contacts wanted to be paid for training and equipping the Contra rebels.

He added that they wanted to aid Central American countries rather than the Contras themselves, but this, like much of Mr Clarridge's testimony, was met with scepticism.

Several members questioned Mr Clarridge's claim that he did not know about a secret arms shipment to Iran in November 1985. Mr Clarridge, a close associate of Lt Col Oliver North, the sacked White House aide, helped him on several occasions.

The Washington Post reported that a retired former CIA officer, Mr Felix Rodriguez, said his "primary commitment" was to help the Contras during a mission to El Salvador. Vice President George Bush has insisted that his principal objective was to help the country's air force, not the Contras.

## Contras ready to negotiate ceasefire

NICARAGUAN CONTRA rebels said yesterday they were ready to negotiate a ceasefire to end their five-year-old effort to overthrow the Government. Reuter reports from San Jose. Speaking at a news conference, rebel spokesman Alfredo Cesar said the US-backed insurgents would end their battle once an agreement were reached.

The rebels had initially said they would continue their fight in spite of a Central American peace accord calling for ceasefires in the region.

"The resistance is committed before the world that we will lay down our arms the moment a ceasefire goes into effect," said Mr Cesar, a member of the directorate of the Nicaraguan Resistance, the Contra umbrella group.

Mr Cesar said the rebels would respond formally by the sign of the month to the pact signed on August 1 in Guatemala City by five Central American presidents. It calls for ceasefires between government and rebel factions in Central America within 90 days of its signing and calls for democratic reforms and an end to outside aid to insurgents.

The Contras' formal response, said Mr Cesar, would express their support for the pact but also their scepticism that the Sandinista Government would abide by it. The response might also include a proposal for ending US aid to the insurgents in line with the pact but at the same time ensuring a flow of arms and other supplies should the Sandinistas break the accord.

He also said the Contra response might include a proposal for ending US aid to the insurgents in line with the pact but at the same time ensuring a flow of arms and other supplies should the Sandinistas break the accord.

The Reagan Administration, which has said it is committed to making the peace plan work, said it will not seek aid for the Contras before September 30, when the current \$100m in assistance runs out.

The Guatemala accord calls for a ceasefire by November 7 with no guarantees of reforms in Nicaragua starting then. The US Administration has expressed concern that the Sandinistas will not implement reforms without continuing pressure from the rebels.

## Dockyard to cut 3,400 jobs over four years

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

DEVONPORT DOCKYARD, at Plymouth, in the west of England, yesterday announced that 3,400 workers are to lose their jobs over the next four years because of Government cuts in the naval refitting programme.

The announcement comes only four months after management of the dockyard was transferred from the Civil Service to Devonport Management Ltd (DML) under a seven-year agency contract.

DML gave an undertaking to the dockyard trade unions before the transfer that there would be no change in the yard's 11,000 workforce for the first 18 months of commercial management.

The announcement brought bitter condemnation from the unions, and from Dr David Owen, the former Social Democratic Party leader who is MP for Plymouth Devonport.

Dr Owen, who opposed the agency agreement, said the Government was entirely responsible for the job losses, and he urged Mr George Young, the Defence Secretary, to take Devonport back into public control.

"We ought to go back to the Government and say you must take over responsibility for the dockyard - run it as a commercial company if you like, but do not separate capital assets from the management," he said.

Mr Eddie Warrillow, the Plymouth regional organiser of the General, Municipal, Boilermakers and Allied Trades Union, said the Government had reneged on an agreement to provide the yard with a guaranteed "core programme" of work.

"The Government has deliberately sabotaged the dockyards by putting a substantial amount of the promised work out to tender in the full knowledge that the new management have not yet had time to make the yard competitive," he said.

Mr Danny Bryan, a national officer of the Transport Workers' Union, said the cuts in the naval programme had been exacerbated by the failure of the agency management to attract commercial work to the yard.

"The Government cannot ignore what is happening at this historic defence establishment. It must now reverse those policies which have led to the redundancies and struck such a blow at the whole economy of the Plymouth area," he said.

Union leaders are expected to meet today to decide whether to take industrial action in protest at the job losses.

DML said the workforce would be reduced by 2,000 during the current financial year, 1,000 in the following 12 months, and a further 400 by 1991. Part of the reduction will be achieved through voluntary redundancies, resignations, and retirements. About 4,000 jobs have been lost at Devonport since 1981.

Mr Mike Lees, managing director of DML, said there had been "prolonged discussions" between the company and the Defence Ministry over changes to the naval workload.

"However, the ministry wished to adjust the core programme, and today's announcement is the inevitable consequence of their decision," he said.

## Pits 'at risk' over threatened disruption

By Our Labour Staff

PLANS FOR rolling industrial action in the Yorkshire coalfield in the north of England, over disciplinary action taken against a union official, could threaten the survival of several marginal pits in the area, Mr Albert Tuke, British Coal's director in North Yorkshire, warned yesterday.

Mr Tuke said: "Many pits are already in financial difficulty and disruption of this kind would place a serious question mark over them."

Pit branches throughout the coalfield will meet during the weekend to discuss proposals for industrial action over the disciplinary action against Mr Ted Scott, a union official at Sillingfleet colliery in North Yorkshire.

Branch officials from North and South Yorkshire agreed to call for consideration of rolling strikes, possibly combined with an overtime ban, at a meeting on Wednesday.

A leading left-wing activist said last night that there was no plan to ask the National Union of Mineworkers (NUM) area council in Yorkshire, which sets policy for the area, to endorse the plan.

Local activists believe the NUM's area leadership is opposed to the action which may be taken across the NUM's plans to pursue negotiations with British Coal over its revised disciplinary code.

The NUM will meet Acon, the Government-supported conciliation service, for talks over the code next Thursday.

## GM DIVISION PRESSES FOR RADICAL PAY AND CONDITIONS AGREEMENT

## Vauxhall to seek 3-year deal

BY CHARLES LEADBEATER, LABOUR STAFF

VAUXHALL MOTORS, the General Motors' car manufacturing division, is to seek a radical three-year pay and conditions deal covering its 11,000 workers.

The company is expected to put the proposals to trade union negotiators next Thursday when it will respond to the unions' claim, which was submitted recently. The two-year deal negotiated in 1985, the first signed at Vauxhall, expires in mid-September.

While a growing number of companies have negotiated agreements covering two years, few have introduced three-year agreements. Should Vauxhall manage to win the unions' acceptance of a three-year deal, it would have ramifications for collective bargaining throughout

the car industry, and engineering industry more generally.

Ford will open negotiations with its unions on October 9, in advance of the expiry of the two-year agreement concluded in 1985.

Mr David Young, Vauxhall's director of industrial relations, said both employees and the company would benefit from the stability of a three-year agreement.

However, the unions' claim, which was submitted recently, calls for a return to one-year agreements. The unions also want harmonisation of conditions for blue and white-collar workers, and the introduction of paternity leave.

Mr Young said the company would seek an agreement which

would develop measures introduced over the past two years to give production operatives more responsibility for quality control. Austin Rover, the Rover Group's volume car maker, last year introduced a bonus system for production workers to improve quality.

Mr Young said the company would increasingly seek to break down established demarcation lines, especially among skilled workers. The company has already introduced flexibility within skilled trades such as electricians and fitters. But in future it would seek greater interchangeability between trades where there are common elements, Mr Young said.

He said the company also wanted to encourage more flexibility

among production workers to allow them to carry out simple maintenance and cleaning tasks around their machines.

It was also aimed to give supervisors a clearer role within the management structure, possibly by giving them some responsibility for cost control. Mr Young said it would be increasingly important for supervisors to become better motivators and team leaders rather than merely regulating production.

Mr Young said there was no intention of introducing the kind of arbitration machinery, aimed at making strikes a rarity, brought in at the company's van plant. "It may be that in four or five years that kind of system is something we could talk about realistically."

## Barclays Bank staff end overtime ban

BY JOHN GAPPER, LABOUR STAFF

THE BARCLAYS Group Staff Union called off its overtime ban at the bank yesterday, increasing the likelihood that an end to industrial action within the big UK clearing banks will follow.

The BGSU executive made the decision after a consultative ballot of members failed to gain a majority for stepping up action to include a series of one-day strikes. The union claims to represent about half of Barclays' 80,000 UK staff.

The move will put pressure on

the Banking, Insurance and Finance Union - representing about 14,500 Barclays staff - to follow suit, and damages Biff's chances of sustaining its overtime ban at National Westminster Bank.

It may also lessen the chances of Biff members at Midland Bank balking in favour of industrial action in the union's campaign to force other banks to follow Lloyds in toping up a 5 per cent pay deal imposed on staff in May.

Mr Eddie Gale, BGSU general

secretary, said there was a majority against setting the dispute. But the union had failed to gain backing for stepping up action beyond bans on overtime and co-operation with the Connect direct debit card.

The executive had decided to end the action from midnight tonight because it believed Barclays would not increase the pay deal - imposed by the three former members of the Federation of London Clearing Bank Employees - without stronger pressure.

Barclays said yesterday that the BGSU had had the backing of "only a small minority" of its members. It added: "We are delighted that the dispute is over, but saddened that it should have lasted so long."

The bank has joined Lloyds, National Westminster and Midland in making substantial increases to London allowances and introducing a new south-east region allowance, but unlike Lloyds has added 2 per cent to the pay offer from August 1.

## ICI offices to be developed

BY ANDREW TAYLOR

BERKLEY HOUSE, a private development company, is thought to have paid more than £70m for two large central London office blocks, including the present temporary headquarters of ICI, the chemicals group, which Berkley plans to convert into luxury flats.

The conversion of the north and south sections of Thames House, at the northern end of Lambeth Bridge, will provide 750 luxury apartments. When it is completed the scheme is expected to be worth

more than £250m, making it one of London's most valuable residential developments.

The offices, owned by ICI, have been on the market for about nine months. They form part of the Millbank office complex which straddles Horseferry Road and which was developed by ICI in the 1920s.

The development with its riverside views and only a few minutes' walk from the House of Commons, should prove particularly attractive for a residential conversion. Its sale

ends several years of speculation about ICI's intentions towards the Millbank site.

The chemical group under its former chairman, Sir John Harvey Jones, had at one stage considered moving its headquarters right away from London.

This plan was abandoned and ICI moved into part of the 750,000 sq ft Thames House when it decided to refurbish Imperial Chemical House, its former headquarters on the opposite side of Horseferry Road.

## Unions pinpoint election failure

THE ANNUAL meeting of trade unions in two weeks' time will see a thorough examination of the implications for them of the Labour Party's third successive general election defeat. Less publicly, however, a scrutiny of the unions' efforts to try to help Labour win the election last June is already underway.

This week, senior union leaders agreed to consider in detail proposals put forward with the support of Mr Neil Kinnock, the Labour Party leader, for a radical reshaping of how the unions contribute the money which makes up 75 per cent of Labour's total income.

That is looking to the future; but the executive meeting of the Trades Unionists for Labour (TULF) group, the unions' chief fundraising and campaigning vehicle for Labour, also had before it a searching analysis of how well - or rather, how badly - the unions did in the election campaign.

Financially, a confidential document prepared by Mr Bill Keys, who will shortly retire as national co-ordinator of TULF, suggests a more structured annual approach to election financing in the wake of a £1.3m shortfall this time in union contributions.

This is chilling enough reading for Labour and union leaders, but what is at least as bad for them in Mr Keys' report is an account of the unions' organisational perfor-

Unions were 'caught napping' at this year's general election. Philip Basset looks at a report which admits shortcomings in their support for the Labour Party

mance. In part the report is a defence against possible attack by some Labour leaders, it says, that trade union input into the election was at all levels better organised and of better quality than ever before.

But based on a post-election survey of all TULF co-ordinators in Labour's 144 target seats, and accepting that TULF nationally is more likely to hear of failures than successes, the document acknowledges starkly and frankly the considerable "shortcomings" in the unions' election efforts.

Some union officials refuse to co-operate with the TULF campaign; some unions wanted to limit it purely to their own members; there was difficulty in translating sympathy for Labour's cause into actual effort; and lay membership involvement was "patchy, to say the least."

Most local co-ordinators praised Labour's campaign as "excellent" or "fantastic"; but one said: "Up to the election - what campaign? Only during the election were there signs of a campaign becoming visible," while another said the unions failed

to campaign early enough and lacked organisation.

A total of 22 unions are listed as being involved, to varying degrees, in the campaigns at local level - and some as not being involved. Seventy-five co-ordinators thought the unions were used effectively in the constituencies - although the parliamentary seats covered by the 12 who said they were not included four seats won by Labour.

Of those who claimed ineffective use of the unions, most put the blame on themselves: the report says one co-ordinator may have summed up the feeling: "Despite the fact that we knew the election was coming, we were still caught napping."

The report says of Labour nationally that "scant attention was paid to the need to target trade union members as potential voters."

Fifty-two per cent of co-ordinators reported campaigning to win support from union members starting as early as 1986, but TULF finds it "disappointing" that 41 per cent started only in 1987, and 6 per cent when the election was announced.

One co-ordinator disclosed that no effort was made at any time.

Inter-union rivalry did not help: of those complaining at the lack of direct contact made with union members a third identified as a major difficulty the refusal of other full-time officials to release the names or addresses of their officials or activists.

Leaflets, meetings and direct mail were the main methods of contact - although one co-ordinator listed "prayers."

Trade union support for Labour did rise, from 39 per cent in 1979 to 43 per cent in 1987, but Mr Keys' paper concludes that "despite all our efforts to win back support from trade union members we did not achieve the kind of breakthrough needed if we are to win, and retain, a Labour government."

The unions' "particular weakness" was still their lack of appeal to the better-off members - those in full employment, usually skilled, often white-collar and buying their own homes.

"We must make inroads into the new working class if we are ever to gain power," Mr Keys writes. "Unless we make this type of systematic effort, and monitor the results, we will once again find ourselves approaching a general election only partly-informed and risk ever-decreasing support in the 'affluent' south of England."

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## UK NEWS

# Management buy-in at Schreiber

BY ALICE RAWSTHORN

SCHREIBER, one of the largest furniture makers in Europe, has changed hands through a management buy-in led by Mr Bob Thornton, who was chairman of the Debenhams stores group until its takeover by the Burton Group two years ago. Schreiber is the brand leading manufacturer of fitted bedroom and kitchen furniture in Britain. It sells its products through a network of 165 Schreiber Centres, all operated by agents. The company employs 450 at its Cheshire production plant.

Mr Thornton and his associate, Mr Stanley Cohen, who has interests in the furniture industry, intend to use Schreiber as a base from which to build a group of consumer products companies. They have bought Schreiber, for an undisclosed sum, from the family which founded the business. The buy-in was supported by Barclays Bank.

Schreiber was formed in the late 1940s when Mr Chaim Schreiber, a Polish emigre, began a business to make television cabinets. It diversified

into other types of furniture and flourished in the 1960s. In 1974 it merged with Hotpoint, GEC's domestic appliances division.

Mr Schreiber, a charismatic and controversial figure, tackled Hotpoint's problems. However, in the early 1980s Schreiber faltered. The merger was dissolved and the family regained control.

After Mr Schreiber's death three years ago, his son Mr David Schreiber took over. The business has been restored to profits by concentrating on its most successful products, kitchen and bedroom furniture, and by restructuring the retail base. Schreiber now has a turnover of £60m at retail prices. Under its new ownership Schreiber may diversify into new types of furniture, returning to its former role as a general furniture manufacturer. Mr Thornton and Mr Cohen plan to acquire other businesses to add to Schreiber and a ceramic business acquired in March. They propose to float the group on the main stock market, possibly next year.

## Lawyers granted licences to practise in Japan

BY HAZEL DUFFY

THREE BRITISH law firms expect to have lawyers practising in Tokyo soon. They are McKenna & Co, Clifford Chance, and Slaughter & May. Other British firms are studying the situation with a view to sending lawyers to Japan.

The British lawyers join a small number of Americans who received licences to practise last May, making them the first foreign lawyers working in Japan.

Following the granting of the first licences, applications for 19 lawyers to be registered were made by British and further American law firms.

Until recently, Japanese law prohibited foreign lawyers practising there. The initiative for liberalising the ban sprang from the talk so relaxing trade restrictions between Japan and the US.

Limitations are still imposed on foreign lawyers, however. Licences to practise can be

granted only to individual lawyers. Lawyers can only practise the legal system of their country, or state in the case of the US, not Japanese law.

Mr Richard Curi, of McKenna & Co, was the first English lawyer to be granted a licence to practise by the Japanese Ministry of Justice on August 5. Registration with the Japanese Federation of Bar Associations is expected to be completed on September 1, after which registration will be granted.

McKenna & Co specialises in legal work for international construction companies and has a strong client base among Japanese companies in the sector. Mr Richard Eastman, also with the firm, was granted a licence to practise Californian and New York law at the same time.

Clifford Chance was granted licences for four of its lawyers to practise English law shortly after.

## Government accused of complacency by Labour

By Our Political Staff

THE GOVERNMENT was yesterday accused of complacency over gun laws as tighter restrictions on firearms intensified.

Mr Frank Dobson, Labour's campaign co-ordinator, referred to representations made by opposition MPs earlier this year for new controls on guns and weapons shops. He claimed: "Nothing has been done."

Mr Douglas Hogg, junior Home Office minister, said he had called for an immediate report from Mr Colin Smith, the Thames Valley chief constable, into all aspects of the shootings in which 15 people died, including Michael Ryan, the gunman.

Mr Hogg said the Government was determined to learn from the incident all the lessons that were to be learned. There would be no hesitation to make changes which needed to be made in law or practice.

Mr Roy Hattersley, shadow Home Secretary, called for a full public inquiry into the shootings and said it should be particularly directed to examine the way in which gun licences were issued and to make recommendations for tighter laws.

Mr Michael McNair-Wilson, Tory MP for Newbury, wrote to Mr Douglas Hogg, Home Secretary, asking him to consider limiting the possession of ammunition to one weapon and restricting the amount of ammunition individuals could hold.

He pressed Mr Hogg for an explanation as to why Ryan was allowed to possess a semi-automatic weapon.

Mr Dobson released an amnesty was being discussed. Hogg following a meeting between Labour MPs and the Home Secretary urged tighter gun laws.

The correspondence indicated that Mr Hogg proposed no changes in the law though a number of points were being reviewed. He also indicated that a firearms exchange of letters with Mr Hogg said he was not convinced that controls on the advertising of weapons represented a practical way forward and stressed there were already tight controls on the sale of firearms and the registration of dealers.

Editorial comment, Page 14

Clare Pearson looks at the aftermath of Britain's worst-ever shooting incident

## Mass killings strengthen gun control lobby



A police constable examines a five bullet in a gutter.

THE INDISCRIMINATE killing of 14 people in Hungerford, Berkshire, by Michael Ryan on Wednesday — Britain's worst shooting incident — inevitably strengthens calls for tighter controls over gun ownership.

The feelings of horror that the case has provoked can only add weight to the police campaign for more controls that has been waged for nearly two decades against the firearms pressure groups, notably target-shooting clubs and the farming community.

In fact, the incident is outside the main area of debate over gun ownership in recent years. This has centred on shotguns, which are relatively easy to obtain. Ryan used a weapon which comes under the more stringent firearms legislation: a semi-automatic single shot Kalashnikov.

Firearms, pistols, rifles and revolvers — have caused less concern because the controls encompassed in the 1968 and 1982 Firearms Acts have been thought adequately restrictive.

In this case, an applicant for a certificate has to convince the police that he has a good reason for having such a weapon, while the police must also satisfy themselves that he is fit to be trusted with it.

Within the firearms category, the only types of guns that are more difficult to obtain legally are automatic firearms. For these, certificates have to be obtained from the Home Secretary, who must be satisfied that the applicant has a "compelling need".

The successful applicant would generally be a dealer in such weapons. The Home Office said yesterday only 140 of 2,419 registered dealers were licensed to possess automatic firearms.

The restrictions have been coupled with a series of sharp increases in the initial and renewal fees for certificates, which now stand at £33. The combined effect has been to reduce over the past 10 years the number of persons registered as holding firearms.

According to Home Office statistics, 160,395 people in England and Wales held such certificates in 1986, compared with 216,281 in 1980.

While it has become more difficult to obtain these certificates, public interest in obtaining them has grown because of increasing enthusiasm for the sport of target shooting.

There are believed to be up to 9,000 rifle clubs in the UK and the National Rifle Association has contended that target shooting is the second or third fastest growing sport in the country. According to reports, Ryan was a member of two such clubs.

Target-shooting circles have so far vigorously denied that a shooting incident should be made between the growing public interest in firearms for sport

and the National Rifle Association, a powerful lobby group, has for years prevented the passage of meaningful gun control with the argument that the US constitution grants citizens the right to keep and bear arms.

After a bitter struggle last year, Congress agreed to a ban on new machine guns and on Telon-coated cartridges capable of penetrating the bullet-proof vests worn by police.

This year, it is considering a ban on plastic handguns, which could be in production by the end of this year.

In West Germany, the purchase of firearms "is getting harder and harder," says a dealer in Bonn. The country has been toughening the laws in the late 1980s, when student radicalism was at its height and the restrictions were made tighter when urban terrorist groups began to wage war on rich citizens and the state.

Licences are granted by local police, who research the applicant's background and require adequate justification. This is rigorously enforced. Dealers say they find it increasingly difficult to obtain police approval for the guns they want.

Both dealers and hunting associations "all claim" that there is probably an active black market in weapons in West Germany, with unlicensed weapons being smuggled into the country.

In Italy, membership of a hunting club virtually guarantees the issue of a gun licence from the police. While claiming that Italian gun laws were among the strictest in Europe, an official at the Ministry of the Interior admitted yesterday that such a licence was more easily obtained than one for a pistol. Adequate reasons for possession must be provided, but under Italian law, there are plenty of these.

It is estimated that there are millions of illegal guns in circulation and the rate of armed crime is thought to be one of the highest in western Europe. France's firearm regulations, already toughened under the last government, are due to be strengthened again in the coming months.

The last round of legislation followed a wave of incidents in which gun owners fired at children. In the summer of 1985, for instance, Mr Robert Pankratz, a retired fireman, shot four youths who were picking cherries.

French law places few restrictions on the possession of shotguns, hunting rifles or antique firearms.

However, rifles using military calibre ammunition are strictly controlled, as are most types of pistol, revolver and automatic rifle. Members of shooting clubs can obtain permits from the police for the possession of these weapons, but interior ministers said yesterday that possession of military-style arms as such would be authorised only for special exhibitions.

## World of difference in attitudes to weapon regulation

Our foreign staff report on how countries vary in their approaches to possession of firearms

Offences in which firearms were used	
England & Wales	Scotland
1986	1986
1985	1985
1984	1984
1983	1983
1982	1982
1981	1981
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1909	1909
1908	1908
1907	1907
1906	1906
1905	1905
1904	1904
1903	1903
1902	1902
1901	1901
1900	1900

in 1,105 offences, while pistols were involved in 1,500. However, it is clear that the number of shotgun offences has been increasing. In 1986, licences in England and Wales stood at 520,951, compared with 715,450 in 1971. Some of the increase may reflect the fact that persons already holding shotguns have been applying for licences.

The call for greater controls over guns is undoubtedly set to intensify, although some people consider that the current drive to stamp out illegally-held weapons is more important.

They also argue that stiffer controls over procedures for licensing are needed. "How can you ever deal with the totally unexpected irrationality of Ryan's actions?"

Mr Jan Stephenson, editor of *Hand Gunner*, a specialist magazine, said yesterday: "How can you legislate against future insanity?"

last government, are due to be strengthened again in the coming months.

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## Councils' tenders plan criticised

By Andrew Taylor

LOCAL authority plans to require all private contractors tendering for council work to supply details of company policies on race relations, sexual discrimination and training were last night criticised by one of the country's highest building employers' organisations.

The Labour-controlled Association of Metropolitan Authorities yesterday urged councils to adopt a common questionnaire which it said should be completed by all contractors tendering.

The association produced its questionnaire in spite of the publication eight weeks ago of the Local Government Bill which will prevent councils from introducing political and other non-commercial conditions into contracts.

The Building Employers Confederation, representing almost 10,000 companies, last night criticised the proposal.

It said some questions would not be permitted under the terms of the bill.

Under the association's model contract compliance questionnaire, companies would be expected to provide a precise breakdown of numbers and sex of Afro-Caribbean, Asian and white employees.

Mr Howard Knight, chairman of the association's public works committee said the proposals were "practical common sense questions which nobody should object to answering."

The confederation said it was suspicious of contract conditions which would allow councils to favour their own workforce and circumvent legal requirements to put work out.

It said many small companies would not have the resources to provide the kind of detailed answers required.

Guidance notes accompanying the questionnaire warn contractors that failure to answer the questions or supply relevant documents could result in applications being delayed.

**News on Sunday delays naming editor**

NEWS ON SUNDAY, the troubled left-of-centre newspaper, is expected to announce the name of its new editor by Monday. The announcement had been expected yesterday.

The paper said the process of choosing the editor had begun and should be completed soon.

## Trade account shows £980m deficit

BY RALPH ATKINS

A LARGE increase in earnings from service industries and financial transactions was not sufficient to prevent a deficit in the UK current account in 1986.

Latest figures, published yesterday by the Central Statistical Office, show the surplus in invisible trade rose from £5.1bn in 1985 to £7.48bn in 1986. However, the deficit on visible trade increased from £2.18bn to £8.46bn.

That resulted in a £980m deficit on the current account after six successive years of surplus. The revised figure is considerably ahead of the £100m deficit previously reported by the office.

Most of the increase in invisible earnings came from interest, profits and dividends arising from overseas investments which saw a surplus of £4.7bn. That was substantially ahead of the 1985 surplus of £3.4bn.

The surplus from service industries dropped from £5.4bn in 1985 to £2.5bn. The deficit from transfers of funds from other countries, including European Community payments and receipts, fell from £3.3bn to £2.2bn.

There was a large deficit in manufacturing on the visible trade account, the fourth consecutive year. Imports of semi-manufactured and finished

manufactured goods exceeded exports by £5.5bn in 1986 compared with £3bn in 1985 and £3.9bn in 1984.

The breakdown of visible trade shows exports to North America were worth £2.5bn more than imports in 1986. The deficit in trade with western Europe rose from £6bn in 1985 to £1.6bn last year.

The figures also show the declining importance of exports of North Sea oil companies in paying for imports. The oil surplus fell from £1.1bn in 1985 to £4.1bn last year.

The CSO Pink Book *United Kingdom Balance of Payments, 1987 Edition*, HMSO, £5.55.

## Manufacturing investment rises 11.5% in quarter

BY RALPH ATKINS

INVESTMENT by manufacturing industry increased by 11.5 per cent in the second quarter of 1987, according to official figures published yesterday.

The Department of Trade and Industry said real, seasonally-adjusted capital expenditure in manufacturing in the three months to June was at its highest since the first quarter of 1986 and was 8.5 per cent higher than in the same period last year.

Manufacturing investment fell considerably in 1986 after its relatively strong performance in 1985. Although the trend may now upwards, the total volume of manufacturing investment in the year to June was still 5.5 per cent lower than in the preceding 12 months.

Investment in construction, distribution and financial industries in the three months to June was 0.5 per cent lower than in the previous quarter, but 11 per cent higher than in the second quarter of 1986.

Yesterday the department also published provisional figures for the level of stocks held by manufacturers, wholesalers and retailers. These show an increase of about £325m at 1980 prices after seasonal adjustment in the second quarter of 1987.

Manufacturers' increased stocks by almost £80m in the three months to June, following a small reduction of about £2m in the previous quarter.

Retailers increased stocks by about £325m in the three months to June—the ninth successive quarter of stockbuilding. Wholesalers' stocks rose by £10m in the second quarter.

In the manufacturing sector production growth exceeded the rate of stockbuilding, resulting in the stock/output ratio falling from 87.5 per cent at the end of March to 86.4 per cent by the end of June.

The ratio of retail stocks to sales also increased.

## Life companies to delay launch of pension contract

BY ERIC SHORT

TWO LEADING insurance companies, Sun Life and Standard Life, are delaying the launch of a type of pension contract because of complex procedures required by the Inland Revenue.

The product is known as a free-standing additional voluntary contribution contract. The introduction of which was announced by Mr Nigel Lawson, Chancellor, in the Budget.

The contract will enable employees in company schemes to make their own arrangements for paying extra contributions to boost their pension benefits.

The Revenue has set out a complicated set of rules to ensure that employees do not pay too much in contributions to the contracts or receive too much benefit at retirement.

Mr Tom King, general manager (marketing) of Standard Life, said his company had decided to postpone the launch of its contract from October 1 to January 4 in the hope that the Revenue would agree to simplify its procedures.

Mr Brian Symonds, pensions development manager (group) at Sun Life, considered it unlikely that his company would have a contract ready by the start date in October.

However, other leading life companies, such as Allied Dunbar and Legal and General, will be offering a contract in October.

Legal and General is taking further the industry's protest against the rules by calling for amending legislation in next year's Finance Act to correct what it regards as anomalies and imperfections.

## MP to clarify position on SDP leadership

BY OUR POLITICAL STAFF

A MEETING of the SDP's parliamentary committee next Thursday is likely to have a crucial effect on whether the party is plunged into further infighting.

Mr John Cartwright, the Woolwich MP who is the only possible challenger left to Mr Robert MacLennan for the party leadership, said yesterday he would not finally clarify his position until after the meeting, which all the party's five MPs are to attend.

Dr David Owen, the former leader of the Social Democratic Party, who resigned after a membership ballot showed a 57 per cent majority in favour of negotiations on a possible merger with the Liberals, yesterday called for an "amicable settlement" of the row.

Dr Owen had advised members to reject the proposal for

negotiations. He said in a BBC radio interview that he hoped the SDP would come to its senses.

He said there would be members who wanted to stay Social Democrats and others anxious to merge with the Liberals, but sensible people, like sensible couples facing a divorce, preferred an amicable settlement.

It would be "outrageous" for him to try to stop those genuinely wishing to join with the Liberals. However, it was "similarly outrageous" for them to try to take away our party from us and not allow us to continue to be MPs elected by Social Democrats.

The parliamentary committee of the SDP includes Lord Diamond, leader of the party in the House of Lords, who supports negotiations towards a merger.

## Forecasters optimistic on growth

By Janet Bush

INDEPENDENT AND City economic forecasters have revised their estimates for growth this year and are now expecting a much smaller current account deficit than envisaged early this year, according to the latest Treasury review of the economy.

The Treasury said the average of the latest independent forecasts for 1987, including that of the National Institute, is now 3.2 per cent, slowing to 2.5 per cent next year. These figures compare with predictions in February of 2.8 per cent for this year and 2.4 per cent in 1988.

The average of the latest City forecasts throws up a very similar result to the independent predictions.

Both independent and City forecasters have cut their estimates of this year's current account deficit to about £1bn for this year from a shortfall of £2.7bn envisaged earlier. There is a general consensus that inflation will fall to about 4 per cent by the end of the year, in line with the Treasury's Budget forecast, but will accelerate to just below 5 per cent by the end of next year.

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The four big clearing banks: Barclays, Lloyds, National Westminster and Midland, were less active in receiverships than last year.

Smaller banks appear to be handling more receiverships. Clydesdale and Yorkshire are new entries in the top ten of banks making receivership appointments this year.

## Receiverships down 27% in first half

By Denis Madand

THE NUMBER of companies placed into receivership fell by 27 per cent during the first six months of this year, according to figures published yesterday by Dun and Bradstreet, the business and financial information company.

Good news about the health of companies has meant less business for banks and accountancy firms which together looked into 888 receiverships, compared with 876 during the same period last year.

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# ICL consortium wins £37m air defence contract

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

A CONSORTIUM led by ICL, the computer company, has won a contract to update the command system linking the UK into Nato air defence. Its low bid of £37m reflects tough international competition for the business.

Lord Trefgarne, defence procurement minister, yesterday announced the award of the fixed-price contract to Secure Air Systems Group, composed of ICL, Computer Sciences Company, Information Processing and Lynwood Scientific Developments to provide the system by 1991.

The group had been rumoured for several months to have won the contract but at a price double that which it eventually bid. Lord Trefgarne yesterday called the price very favourable and "well below that for which we—and Nato—had budgeted." Nato is to foot almost half the cost of the system.

The contract was open to international competition, with Plesey, Thorn EMI and GEC-Marconi leading losing consortia which included US and European companies. In the winning team, CSC is the UK

offshoot of a US company. The command system, to be installed at RAF Strike Command headquarters at High Wycombe, Buckinghamshire, will be "technically challenging," Lord Trefgarne said.

He said software problems had often bedevilled UK military programmes — an apparent reference to the signal and data-processing problems on which the Nimrod airborne early warning programme foundered last year. "The way ahead, however, is to appoint a prime contractor in industry," he said. ICL is the prime contractor for the command system, whereas Nimrod was ministry-managed for most of its nine-year life.

ICL, which will carry out half the work, as well as supervise the contract, hopes to increase its business with the defence ministry from £60m a year to about £100m a year by 1990, Mr Mike Dolan, ICL's military director, said yesterday.

The company believes it can make inroads into the military market by exploiting the communications expertise of its European companies. In the winning team, CSC is the UK

## Met buys computer system

BY DAVID THOMAS

SYSTEMS DESIGNERS, a software house, has won a £17m contract to introduce a computer system for the Metropolitan Police.

The system, the most comprehensive of its kind in Britain, will computerise the collection and analysis of information on crime in London, previously done on paper. The police say it will release officers from

administrative work and help crime detection.

Mr John Smith, assistant commissioner, said: "A vast amount of useful information about crime, carefully collected, is not being used simply because it is too difficult to get at."

The system will be introduced throughout London by 1991, starting with three divisions by November 1988.

## Raymond Snoddy spends a day with the editor of one of the newer tabloid newspapers

# Baby who died of smoking fails the front page test

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Ten minutes later Mr David Montgomery, 58-year-old editor of Today, dictated the headline for the story that would lead the next day's paper: The Baby Who Died of Smoking.

The decision, and hundreds of others during the day had been taken with all the visibility of a conjuror shuffling cards.

"The story appalled me and I think it will appeal a lot of people. Though it is a bit low life," said Mr Montgomery, a non-smoker. A former editor of the News of the World, he has been given the task of cutting the losses and increasing the circulation of Mr Rupert Murdoch's fifth national newspaper in Britain.

Mr Montgomery's working day began at 8 am, like all his working days, and was to last until nearly midnight.

"He has always been a workaholic—now he is editing a daily he can really indulge himself," said his secretary who moved with him from the News of the World.

After some administrative work—Mr Montgomery is man-

aging director as well as editor—he chaired an executive meeting of the paper at 8.30 am. The decisions included a new policy of being more choosy about colour advertisements. In spite of the desperate need for more advertising, only those which would reproduce well would be accepted to protect the paper's reputation for colour quality.

Then it was into the first—and at Today the only—news conference of the day where all the departments offer their best wares for the next day's paper. Some items had to be repeated three times because of

was on the phone, deep into the details of the paper. At the office, he was soon prowling up and down the editorial floor sorting out the feature pages.

Going out to lunch has long been abandoned at Today and what appears to be the entire editorial staff leave their electronic screens only long enough to buy a sandwich from a passing trolley.

The editor, who long ago mastered the art of thinking and talking in tabloid headlines, chooses all the pictures that go in the paper and writes most of the main headlines.

Mr Montgomery looked at a transparency of a woman on an exercise bicycle. She is a member of one of six teams of City analysts and brokers each given £35,000 to trade to see who could raise the most money for charity in a year. "Get Sue Blacker from Shearson Lehman into the story somehow, she is the most colourful," said the editor after studying her picture through a magnifier.

After dictating the headlines for the centre feature spread — The Great Money Race — and giving a warning not to use the word charity too prominently, "it will turn people off," he was off again on travels up and down the editorial floor.

In a matter of seconds, a

question taken on the run from features editor David Semour — whether graduates would be a good theme for the weekly jobs page — was transformed into a four-part series.

Find some new graduates and chart their progress in the employment market over the next few months, said the editor, who has a reputation for grasping greedily at every

spark of an idea and turning it into the tabloid form.

"I only said should we do a piece on graduate employment," the features editor said plaintively.

Until deadline the editor made choices and rejections watching for the picture or story that "will launch a page."

A picture of the Duchess of Kent hitting a photographer somewhere very painful while playing cricket — "You don't often see Royals playing cricket," — is definitely in.

A report that Hans Christian Andersen might have been the illegitimate son of a Danish crown prince did not merit the full treatment, but a small story made it under the headline: Ugly Duck Hans Turns into A Swan.

The task, Mr Montgomery explained, was to take an idea, polish it and aim it directly at the market we are aiming at."

Decisions were taken with all the visibility of a conjuror shuffling cards

THE EDITOR moved from the news desk to the backbench — where stories are edited or rewritten — and on to the art desk

## MANAGEMENT

WHEN THE call came, David Abell's delight was checked by a strong feeling of apprehension.

The announcement, that Mitchell Cotts, the UK engineering and trading company, had abandoned its fight against his takeover bid worried him. Why was it giving in a week before his company Suter's offer ended? Did it know something he didn't?

Against that was not only the pleasure of winning a battle which he had planned and fought since March but also the knowledge that he was about to enter what for him is one of the most stimulating periods of corporate activity.

Unlike many company executives, Abell finds takeovers a bore—"for 99 per cent of the time nothing happens and at times you do not seem to be able to influence things." The high comes in the month or two after the bid has succeeded, he says, because that is when the decisions are made which will influence the ultimate effect of the acquisition.

For Suter the post-takeover assessment of Mitchell Cotts, from which the company is now emerging, is probably the most crucial it has had to make since Abell took the helm six years ago.

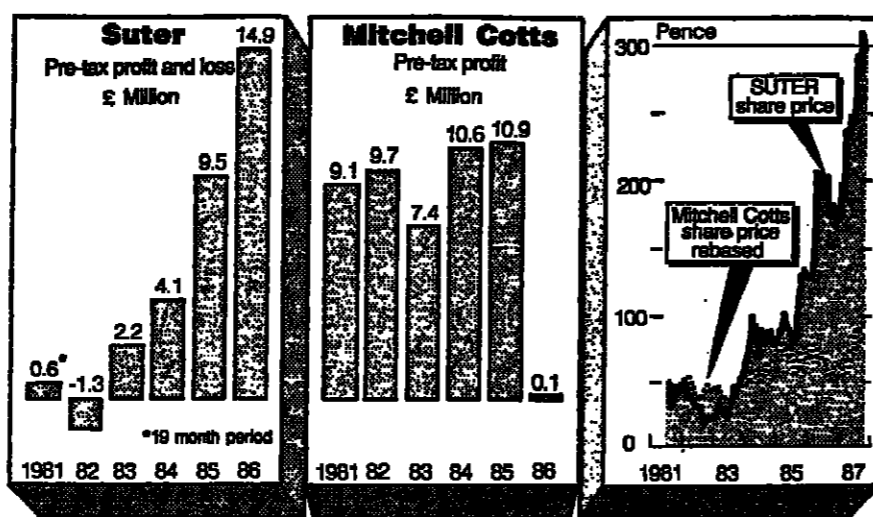
At a cost of about £70m, Mitchell Cotts is by far the biggest of the eight companies Suter has bought since 1981. And, although it increases the group's market value by only about a third, it also triples both the workforce and turnover, previously at 3,000 and £150m respectively.

Mitchell Cotts' effect on profitability will be less dramatic, at least initially. In the year to June 30 it is thought to have achieved little more than break-even whereas Suter, prior to the acquisition, was forecast by analysts to be heading for £20m pre-tax profits in the year ending December 31.

Clearly Abell and his team had their work cut out as they made decisions on which parts of the business to sell and how to improve the performance of the parts being retained. One false move could jeopardise the momentum of the past four years when the annual growth in earnings per share has always exceeded 25 per cent.

Abell has not forgotten that a wrong decision on a disposal following the 1981 purchase of Prestcold—the refrigeration group he bought from Leyland—was his first acquisition as head of Suter—led to the group showing a loss the following year.

Assessing companies has been one of Abell's hobbies since his days in the early 1980s as an economics student and his eye



## Suter: the excitement of unwrapping the purchase

Mike Smith reports on the aftermath of the Mitchell Cotts takeover

for an undervalued group has been a significant factor behind the growth of Suter's market capitalisation from £5m in 1981 to more than £310m.

At any one time Suter has stakes in at least two companies. Abell says the intention is always to buy them but if their price rises too high his company just takes the profits.

Suter was first drawn to Mitchell Cotts when it saw other companies—like Rushlake Holdings, the private group controlled by the Dival family, and Tiphook, the container-leasing group—building stakes in it last March.

Mitchell Cotts' recent performance was unimpressive, with 1986 taxable profits of £10.9m little better than a decade previously and those in 1986 down to £100,000. But the more Abell looked into the company the more he saw potential to integrate it into his own group.

Suter's speciality is niche engineering businesses, for example in refrigeration and hairdressing equipment, and Mitchell had a number of these, particularly in making equipment and motor engine remanufacturing. Another attraction was Mitchell Cotts' wide geographical spread: it has operations in Africa, Hong Kong, Belgium and Australia as well as Britain. Suter is

more dependent on UK markets. Suter always knew that it would never be interested in some parts of Mitchell Cotts and has since either sold or put up for sale the group's contracting and construction businesses and Edward Humphries, the profitable engineering consultant. But there were many imponderables which could only be solved with more detailed knowledge than Mitchell Cotts was prepared to give while fighting the takeover battle.

How quickly, for example, should the company sell Mitchell's East African tea plantations, which, though profitable, were wholly dissimilar from any other Suter businesses? Should the speciality chemicals and freight forwarding subsidiaries be sold? Again neither was in the Suter mainstream.

To co-ordinate the evaluation of Mitchell, Abell set up a six-person team including himself and fellow executive directors Bob Morris and Tony Owen; this moved into Mitchell Cotts the day after Suter won the bid battle. Another half a dozen Suter personnel and virtually all the Mitchell Cotts management have been closely involved in the consultations. "Either Bob, Tony or I have been to see the Mitchell Cotts

businesses around the world, except those in Hong Kong and Australia," says Abell. Hong Kong is largely run from London and Suter always intended to sell most of the Australian arm.

Since the takeover, Abell has spent 80 per cent of his working time looking at the 70 or so operative Mitchell Cotts subsidiaries. He reckons that Suter staff have travelled more than 100,000 miles during the project.

The starting point for their calculations was the figures provided on day one by Mitchell Cotts from which a series of papers was prepared. They alone were not enough, however. "Sure we need the detailed statistics," says Abell. "But when we went around the businesses we were looking at the people."

Personnel was the decisive influence in the speciality chemicals division, the decision over which Abell and his team agonised the most.

Mitchell Cotts Chemicals, which concentrates on synthetic pyrethroid insecticides, is a niche company with a high market share and a high price overseas with exports accounting for about 95 per cent of production. The dilemma for Suter was that, although it respected these qualities, it frankly

admitted to knowing nothing about chemicals. To make the decision all the more difficult it received a large number of inquiries from other companies which wanted to buy the chemicals offshoot.

"What swayed us was the fact that people in the company," says Abell. "They knew precisely what they were doing. They knew the market place and they could answer every question about their company without having to rush away to look at their files. Basically, they lived for the business."

Prospective buyers are being turned away. The decision on tea plantations was less difficult. In the long run Suter is unlikely to want to maintain its interests in a non-engineering business where growth prospects are limited and prices are volatile. The plantations will stay.

"Nobody is going to come along with a huge cheque," says Abell. "And we would only be interested in an offer if it was around book value. Meanwhile, Suter has always been a profit, some of which we can get out, and they can be run by their managements without much involvement from us." The chances of Suter keeping the Mitchell Cotts freight forwarding businesses in

England and Australia seem small. The group is still assessing them but the freight forwarding industry is dominated by large worldwide players and analysts say that the Mitchell Cotts subsidiaries could be sold at a premium to a more specialised operator.

Deciding what to sell is only part of the post-acquisition operation. As important is setting in motion the methods of increasing the profitability of the retained businesses. Here, Abell says, motivating staff is the crucial factor.

Although most of the Mitchell Cotts board has gone or is going, Suter says it has been surprised by the quality of management beneath them. Only one non-board person has resigned, although some of the financial staff in the smaller companies may follow. "We do not have a big central staff so we need people who know how to run companies," says Abell. He views the last two months as a chance to change the culture of the acquired businesses; to tell employees that "if they perform they will be rewarded and they will be given unlimited opportunities to expand within agreed parameters."

Abell believes that much of the problem with Mitchell Cotts was that subsidiary managements were not given their heads, either because of group philosophy or cash constraints resulting from heavy borrowing. "Imagine the boost to morale which results when you tell managers, for example, that if they want a more powerful computer all they have to do is justify it and that's it."

Now that Abell has recognised Mitchell Cotts he reckons Suter's £70m was well spent. He could hardly say otherwise, but most analysts also seem convinced. For example, Fiona Perrot, Humphrey of Fleming, Research part of Robert Fleming investment bank, is predicting that Suter's pre-tax profits will rise from £14.9m last year, to £25.5m this year, and £38.5m next.

Suter seems to be planning its next move already. Last month it revealed a 5 per cent stake in Amari, the metals and plastics group, and has since increased its holding to above 17 per cent.

Abell will not say whether he plans a bid but Amari is likely to have a chance to bolster its defences assuming it wants to resist a takeover. In the meantime, Suter has been able to sort out its latest acquisition before taking on another. Abell believes that integrating Mitchell into Suter and sorting out the bulk of its operations will take until the end of the year.

### The global economy

## Fleet of foot into the learning curve

Michael Skapinker reviews an ambitious tome

WHEN Ronnie Lessem left school in Zimbabwe, he was intent upon solving the economic problems of Central Africa in particular, if not of the world in general. In his new book, *The Global Business*, he concedes that this goal was a little ambitious.

"It needed another 25 years of living and working in different parts of the world, of starting and running various businesses of my own before I was anywhere near ready," he writes.

That he now feels up to the modest task is due largely to the writer and explorer Sir Laurence van der Post, to whom this book is dedicated. Van der Post, who teaches at the City University Business School, says Van der Post "took me back to my African roots and forward to my global destination."

Lessem is greatly concerned with drawing together the strands of his life. In his youth, he says, he was influenced "by the raw and natural beauty" of his African birthplace. At the same time he identified with his European heritage, with its culture and sophisticated economic theories.

Putting the two together stretched his horizons even further than he originally imagined. He is now, he says, sufficiently unbalanced to encompass the whole globe—West, North, East and South. Each of these parts of the globe represents a stage of business and economic development. The easiest way to understand it, he says, is to think of the Olympic Games.

"The fleet-footed sprinter, strongly represented in the West, represents the new and entrepreneurially-driven business. The easiest way to understand it, he says, is to think of the Olympic Games. The middle distance runner, from the North, represents the preparation and technique of the typically European, methodically managed organisation."

"The subtlety and harmony of the gymnast characterises the mystery of the Orient, that strange blend of Confucianism and Shintoism that seems to bind together so beautifully in

Japan. Finally, together with the Hinduism of India, the Islam of Morocco, we enter the world of mystical dreams and visions that arise from the depths of the southern night."

What this means, apparently, is that American, European and Japanese companies have had their fun and Africa is now entitled to its chance. Except that it is not to Africa that Lessem turns for an example to fit his thesis, but to the Gulf and Pakistan, to the Bank of Credit and Commerce International, to the Bank of Doha, to the Bank of Abu Dhabi, to the Bank of Pakistan. Abell, as Lessem puts it, "was in touch with the spirit of the Middle East." Which means, to you and me, that he got to know the people who mattered, so that his bank prospered mightily on the back of the energy crises of the 1970s and 1980s. The abundance of plenty of petrodollars.

### Transcends

What the Bank has to do with the listless marathon runners of Ethiopia and Morocco is difficult to discern, except that, like Suter, it does business in Africa. To Lessem, however, it represents the spirit of the South. Not in a geographical sense, of course—Pakistan and the Gulf are north of the equator—but because it represents what is usually called the Third World, and because it both incorporates and transcends the business cultures of America, Europe and Japan. How does it do so? Like this:

"Nature has the capacity to be the state of existence and the state of non-existence at the same time. This relationship emanates the process of change. Change began when the state of existence emerged from the state of non-existence, or latency, before its time. It came into existence because its founders combined a vision of total possibility with humility of pure receptiveness."

Got it? Good. *The Global Business* is published by Pinter/Hall International, £24.95.

## TECHNOLOGY

## The lines to the future

Alan Cane discovers that barriers to the expansion of the optic fibre network are rapidly being removed

THE FUTURE of business and domestic communications is taking shape beneath the streets of the world's business centres.

Glass fibre optical cabling, which only a few years ago was regarded as a technological wonder whose full flowering would not be seen for decades, is being laid down to form telecommunications networks of massive capacity.

The US has several national networks based largely on such fibre. In the UK, British Telecom's long-distance network will be 80 per cent optical fibre by the end of the year.

The network of its chief UK rival, Mercury Communications, is mostly fibre already, as anybody passing the trenches and craters which mark London's streets can testify.

The Federal Post Office in West Germany, the Deutsche Bundespost, has an ambitious programme of fibre deployment. And in France, several hundred thousand fibre optic local connections have been ordered.

All of this is powerful evidence for the central conclusion of a new study: that the infrastructure for advanced and sophisticated forms of telecommunication—such as telephones which transmit video images as well as voice—is already forming.

Fibre optics, which makes possible these advanced communications facilities because of the remarkable amount of information which can be transmitted along optical cabling, is already replacing copper wire, not because of any new demand for services such as picture telephony, but because under some circumstances it simply makes economic sense to use fibre for conventional services.

"There are already business customers enjoying end-to-end fibre in the US and Europe," write the authors of the study, Stephen Timms, Richard Kae and Jan Tonnar. "That is not to say that switched broadband services are appearing. So far there is little sign of them. But the biggest obstacle to their introduction has always been regarded as the need to replace the existing copper infrastruc-

ture with optical fibre. The conclusion of our research is that the replacement has already started."

The authors say the reasons include a chronic shortage of telephone circuits in business areas. The existing networks of copper wire are stretched to their limits, while laying new copper is expensive.

Fibre, they say, offers a far greater capacity for a given thickness of cable and better potential for expansion. "It is more expensive than copper, but not much and the margin is decreasing all the time."

"In the US, we expect over 3m business sites to be equipped with fibre access to carrier networks by the year 2000, and 2m homes."

They paint a picture of islands of glass fibre developing in the major commercial centres in the US, UK, West Germany and France, the four countries examined in the report. "Once these are in place, it will not be too costly to introduce broadband switches supporting niche applications on an overlay basis. In Europe, the first of these switches will be deployed early in 1988."

They conclude that by the end of the 1990s, when they envisage private telephone subscribers being connected to these new and powerful networks in large numbers, broadband will account for a similar

proportion of carrier service revenues (about 7 per cent) to that accounted for by non-voice communications today.

"Broadband" in this instance refers to the capacity of the network to carry particular kinds of traffic. A capacity of only 100 binary digits or bits per second (computer language is based on noughts and ones only) is sufficient only for telephony. Voice telephony requires at least 100,000 bits per second,



Mercury Communications laying glass-fibre optical cabling in London.

while advanced services, such as video conferencing, video telephony, high-speed data services and high definition television, require at least a capacity of one megabit per second—true broadband. Fibre optic cabling is well enough developed technologically for broadband transmission. The performance of such fibres improved a thousandfold between 1976 and 1986.

But the technology needed to carry out the necessary signal

switching in local exchanges is still expensive. The authors of the study estimate that a local exchange capable of switching 140m-bit-per-second signals will, in 1995, cost three to four times as much as a comparable narrow-band digital exchange costs today.

"After that, the price will fall, perhaps by as much as 20 per cent a year, so that by the end of the century it will not be much more in real terms than a modern local exchange today," they argue.

Nevertheless, the introduction of broadband services will incur heavy costs for carriers in terms of installing local subscriber connections, local exchanges and facilities in the trunk network.

The rewards, however, should be considerable through revenues derived from what the study describes as "dramatically new services" including:

- Data communication services that will be available from the best now available.
- Rapid transmission of high-resolution images.
- Video communication.

The study emphasises that the pattern of development in France will be different from that of either the rest of Europe or the US because of the French Government's intention in spreading the domestic use of information technology—its Teletel digital telephone directory project, for example.

By the year 2000, high-speed data services will account for more than 80 per cent of broadband revenues in the US and UK, 65 per cent in West Germany, but only 40 per cent in France.

By comparison, residential video services will account for 50 per cent of broadband service revenues in France by the same year, but only between 3 and 4 per cent in the other countries.

By 1995, in all four countries, 600,000 business terminals will have access to broadband services; by 2000, the total will have grown to 9m, 94 per cent of them for high speed data.

So, the report concludes, carriers, telecommunications authorities and equipment suppliers should be developing their strategies for broadband services now. Access to broadband services over fibre optic links will become increasingly common; and, to be ready, carriers need to establish trials and test networks, to define the requirements for services and to find out what their customers will need to receive the new services.

The necessary infrastructure will be in place: witness the kilometres of glass already laid beneath city streets.

• Broadband Communications: The Commercial Impact, Ovum, £495 (£320), 44 Russell Square, London WC1B 4PF.

## Getting stuck into giving up smoking

BY PETER MARSH

WANT TO give up smoking? Within the next year, you may be able to buy small body stickers which infuse into your blood measured doses of nicotine, a process that may help you to kick the habit.

The pads are normally stuck on the arm. They extend an idea which has been under development in the pharmaceutical industry for the past decade: slow-release mechanisms for infusing drugs into the body through the skin.

Working on the stickers are a number of drug companies, including Leo, a Swedish concern owned by Pharmacia, the Swedish pharmaceutical giant, and the US's Merrell Dow, part of Dow Chemicals, the world's biggest chemicals company.

The leader appears to be Leo, a company based in Athlone, Ireland, which says it could have its pads on sale within nine months, assuming it gains agreement from regulatory authorities.

According to John Devane, vice-president for research at Leo, the company hopes initially to sell the pads in Europe, starting with Ireland, before attempting to gain product approval in the US.

Devane says that the company would like its pads approved by health authorities for general sale in shops. This, however, may be difficult judging by the preference of health agencies, such as Britain's Department of Health and Social Security and the US's Food and Drug Administration, to permit the supply of such anti-smoking products only on a doctor's prescription.

Work on the pads has followed a decade of sales of nicotine chewing gum; another method intended to wean people off smoking. The gum was developed by Leo in the early 1970s and now has world sales totalling \$100m (£62m) a year.

Behind the concept is the belief that one of the main reasons for smokers' dependence is the urge to obtain the stimulatory effects of nicotine. By substituting for cigarettes another form of nicotine intake, which may be easier to control, the smoker may be able to decrease the amount of the drug entering his or her body, ultimately cutting out the craving altogether.

According to backers of the pads, these may represent a less

obtrusive way of introducing nicotine into the body. The pads would work 24 hours a day, whereas a person can chew only when he or she is awake and in a situation where a continual movement of jaws is deemed socially acceptable.

The nicotine gum, brand-named Nicorette, has been protected with strong patents to stop other companies selling similar products. It contains minute polymeric particles with the drug bound inside. Only in Italy, New Zealand and Switzerland is the product freely sold in shops. Leo hopes that Australia will soon be

ger concerns, such as Tanabe of Japan and Marion Laboratories of the US.

Leo's nicotine pads, which it calls Nicotex, are about the size of a 10p coin. They infuse varying amounts of nicotine, depending on the needs of the smoker, which would be released over 24 hours.

According to Devane, of Leo, the pads have proved effective in trials. A team of people in the company have tried them out and managed to give up smoking, he says.

If the product were available in shops, a patch containing a standard dose of nicotine of some 25 milligrams—the amount inhaled by a moderate smoker in a day—would be priced at about £1.50 in Britain, roughly the same as a packet of 20 cigarettes.

The patches owe their operation to a chemical being mixed in a chemical in a polymer gel. This is of such a formulation that it releases the nicotine at a prescribed rate.

Devane does not want to discuss the nature of the gel, on the grounds that this might help competitors. Other companies which have experimented with similar ways of getting nicotine into the blood stream have had problems with the drug irritating the skin.

Also, the chemical decomposes into other products extremely quickly—a fact well known to those smokers who need an almost continuous supply of nicotine to keep them going. This means the pad manufacturer must be able to pack a lot of nicotine into the product.

Meanwhile, the medical world has reservations about anti-smoking products, based either on gum or pads. Dr Martin Raw, a UK specialist in attempting to wean people off smoking, says that general experience with the gum has been good, although the best results have come when use of the gum is supported by professional advice from an anti-smoking clinic.

Dr Raw, a clinical psychologist at St George's Hospital in London, adds that relatively little has been achieved when people acting on their own initiative or with only minimal support from their general practitioner.

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## FT LAW REPORTS

## Digest of cases reported in the Trinity Term

FROM JULY 17 TO AUGUST 12

Williams v Barclays Bank PLC (FT, July 12)

In separation proceedings, Mrs Williams sought disclosure by the bank of copies of payments in slips and cheques because she suspected that her husband had sought to conceal his wealth by mixing his money with the account of an unregistered "charity" of which he was chairman. At first instance, the bank successfully resisted an order for disclosure on the grounds that the Bankers' Books Evidence Act 1879, section 3, which required a copy of "an entry" in a banker's book, did not apply to unsorted bundles of cheques and paying-in slips. Upholding the bank's contention, the Court of Appeal stated that although the Act had subsequently been extended to include other records (whether or not microfilm, magnetic tape, or a retrieval system), the mere addition of an individual cheque or paying-in slip to the unsorted bundles could not be regarded as making an "entry" even though the bundles formed part of the bank's records.

Metalsbank Ltd v J. A. Magnus BV v Ardsfield (FT, July 21)

Ardsfield undertook to store Metalsbank's goods but was never in possession of the goods having handed them over to a third party in an authorised sub-contract. However, Ardsfield failed to establish that the third party had secure premises and a suitable system for protecting the goods. In holding that Ardsfield was liable in damages to Metalsbank for the subsequent loss of the goods, Mr Justice Gathwaite said that Ardsfield's position was that of a bailee, equivalent to that of a true bailee in that he was answerable for the faults of his sub-contractor. He was entitled to delegate performance but could not delegate responsibility and was under an implied term in the contract with the owner of the goods to take reasonable steps for their protection.

Mohl Shipping and Transportation v Shell Eastern Petroleum (FT, July 22)

A charterparty stipulated that if original bills of lading were not available within the vessel arrival, the charterers could demand discharge without presenting the original bills on condition that they undertook to keep the owners indemnified against remitting claims. Clause 14(c) provided that time should not count against

laytime as a result of the owners' breach of charter while another clause provided that the master was to sign any lawful bill of lading for any cargo. The master signed the original bill of lading and the duplicate but failed to sign the triplicate which prevented discharge on the vessel's arrival. In rejecting the owners' claim against the charterers, Mr Justice Hamblin QC stated that as time was lost as a result of the owners' breach so that clause 14(c) operated against them, they could not invoke the indemnity clause against the charterers.

E. I. Du Pont de Nemours &amp; Co and Another v I. C. Agnew and Others (FT, July 24)

Mr Chelos suffered amputation of both legs as a result of a drug, supplied by the plaintiff's subsidiary, and he received punitive damages under the law of Illinois where the tort occurred. In the plaintiff's action to recover from the defendant underwriters under their product liability policies, the defendants sought a stay of the English proceedings. The reason why the defendants wanted the case to be heard in Illinois was its public policy rule which precluded an indemnity award against grossly negligent conduct on the part of a company's senior management. In upholding the refusal of a stay at first instance, the Court of Appeal stated that where contracts were governed by English law and the primary question was the effect of the contract as a matter of English public policy, that issue was one which no foreign judge could conscientiously resolve.

Morgan Guaranty Trust Co of New York v Demestre Hadjantonakis (FT, July 28)

In a dispute in which the defendants were refused a stay at first instance and in which the plaintiff was granted summary judgment under Order 14 proceedings, the Court of Appeal stated that the way in which the hearing developed concealed the essential difference between an application for summary judgment and an application for a stay. With the former, the court was required to consider whether the defence put forward was arguable. With the latter there were potentially two questions: whether the parties had agreed to litigate their differences elsewhere, and if so, whether the court should exercise its discretion in favour of enforcing that

agreement. In the circumstances of the case, the evidence of the two aspects was so tightly intertwined that a judge would not be able to examine on one issue without the other. Thus there was no alternative but to reopen the dispute.

Kirkby (Inspector of Taxes) v Thorn EMI Plc (FT, July 29)

Thorn EMI covenanted with another company, GE, that Thorn and three companies in its group would not engage in the trade of repairing and rewinding electrical motors and generators. In consideration, Thorn received \$575,000. In allowing an appeal by the Inland Revenue against a decision that the sum received was not subject to corporation tax, the Court of Appeal held that Thorn turned its asset to account in a particular way, namely by accepting a substantial sum in return for agreeing not to exploit its goodwill for a period to the disadvantage of GE. That fell four-square within the opening words of section 22(3) of the Finance Act 1965 that there was a disposal of assets where any capital sum is derived therefrom "notwithstanding that no asset is acquired" by the person paying the capital sum.

Brady and Another v Brady and Another (FT, July 31)

A family company, which was owned equally between two brothers, was to be divided into its two sections and the company itself wound up. One brother subsequently objected that the corporate reorganisation was void for illegality because it required the company to give away half its assets for no consideration, and required it to finance the purchase of its shares contrary to section 151 of the Companies Act 1965. In allowing an appeal against a first instance decision for specific performance, the Court of Appeal held (by a majority) that a company had an implied power to perform any act which was reasonably incidental to the continuation of its business. Disposition of half its assets could not be said to be in the company's interests or incidental to its continuation.

Lips Maritime Corporation v President of India (FT, August 4)

A charterparty provided that demurrage was to be calculated in sterling at the mean exchange rate ruling on bill of lading

date (clause 30). The umpire's award stated that the owners were entitled to recover as damages for late payment of the outstanding demurrage the loss suffered by sterling depreciation from the date of the bill of lading to the date of the award on the grounds that the charterers were under an obligation to settle within two months of discharge. In allowing the charterers' appeal and reinstating a first instance decision, the House of Lords stated that (i) there was no clause in the charter to the effect that payment was to be within two months; (ii) demurrage was liquidated damages and there was no such thing as a cause of action in damages for late payment of damages; (iii) the only remedy for delayed payment was the discretionary award of interest pursuant to statute.

Shearson Lehman Brothers Inc and Another v MacLaine Watson &amp; Co Ltd and Others, International Tin Council intervening (FT, August 5)

In an action arising out of the collapse of the International Tin Council, the plaintiffs sought production of documents prepared by the ITC as relevant to their contracts with the defendants, who were ring dealing members of the London Metal Exchange. At first instance, it was ruled that documents relating directly to the ITC's trading activities were not capable of being part of its official archives given "inviolability" as a diplomatic mission under the International Tin Council (Immunities and Privileges) Order 1972. On appeal, the Court of Appeal stated that the ITC's trading activities were an essential aspect of its activities and there was no basis for distinguishing between them and other activities. Further, as copies of ITC's documents were widely disseminated at the time of its collapse, it was not open to it to rely on the "inviolability" to forbid the use of copies derived by the parties directly or indirectly from member states unless the ITC could show that the documents were disseminated in breach of confidence.

Westcott (Inspector of Taxes) v Woolcombers Ltd (FT, August 7)

A parent company transferred the issued share capital in three other companies, worth £1,270,880, to its wholly owned subsidiary for a consideration.

The shares in the three companies were then sold to another subsidiary for £801,233. It was held that the acquiring company in each case was to be regarded as having given the same consideration for the shares in the three companies as the parent gave when it purchased them, so that on the liquidation of the three companies there was an allowable loss under paragraph 2 (1) of Schedule 13 to the Finance Act 1965, which provides that there is neither gain nor loss where an asset of one member of a group disposes of it to another member of the same group. In dismissing the Inland Revenue's appeal against this holding, the Court of Appeal stated that there was no doubt that, looked at by itself, there was a disposal of shares in the three companies for the purposes of the 1965 Act. As far as the group was concerned there was a real loss and there was no reason why it should not be given an allowance accordingly.

The Nordglimt (FT, August 11)

In a dispute over damaged cargo, the plaintiffs, who comprised the receivers, the shipper and consignee, brought an action in rem against the Nordglimt, which was a sister ship of the Nordkap in which the cargo had been carried. There were also proceedings in personam in Antwerp between the receivers and insurers on the one side and the shipowners and charterers on the other. In refusing the owners' application that the warrant for the ship's arrest be set aside, Mr Justice Hobhouse said that an action in rem was not at the time of its inception an action between the same parties as an action in personam, and it would only become an action between the same parties when and if a

shipowner, liable in personam, chose to appear and defend the action. Moreover, the action in personam in the Belgian proceedings was brought by competent plaintiffs within time so that the claim had been extinguished by virtue of article 3 Rule 6 of the Hague-Visby Rules, which provides that a suit has to be brought within the year.

Brady v Group Lotus Car Companies Plc and Another (FT, August 12).

After lengthy investigation, the Inland Revenue issued assessments on Lotus Cars because it determined that monies received by another company, GPD Inc, from Lotus Cars had come back into the hands of the Lotus companies or their officers. The General Commissioners discharged the assessments on the grounds that if there had been fraud on the taxpayers' part, the Revenue had failed to discharge the onus of proving it. In upholding a decision of the Vice-Chancellor that the case be remitted to the Special Commissioners for a rehearing, the Court of Appeal stated that where the assessments were made in time under section 36 of the Taxes Management Act 1970, the burden lay on the taxpayer to displace them and not on the Revenue to prove fraud. Moreover, fresh evidence would be admissible on the grounds that as the parties appeared to have deliberately misled the General Commissioners in a material matter, it would be wrong that the rehearing should be conducted in blinkers.

The law reports will resume at the beginning of October.

By Aviva Golden

## General Appointments

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## In the Supreme Court of Bermuda

IN THE MATTER OF MENTOR INSURANCE LIMITED IN LIQUIDATION  
AND IN THE MATTER OF SECTIONS 33 AND 35 OF THE INSURANCE ACT 1978  
AND IN THE MATTER OF THE COMPANIES ACT 1981  
NOTICE TO CREDITORS OF GENERAL MEETING

TAKE NOTICE that a General Meeting of Creditors in the above matter will be held at City Hall, Church Street, in the City of Hamilton, Bermuda on the 1st day of October, 1987 at 10.00 o'clock in the forenoon.

AGENDA  
1. Report of Joint Liquidators.  
2. Other Business.  
To enable you to vote thereon your Proof of Debt must be lodged with the Joint Liquidators at their offices at 128 Front Street, P.O. Box HM 483, Hamilton HM BX, Bermuda, not later than 5.00 o'clock in the afternoon on the 15th day of September, 1987. Proxies to be used at the meeting must be lodged no later than 5.00 o'clock in the afternoon of the 30th day of September, 1987.  
Dated this 21st day of August 1987.  
CHARLES W. KEMP, J.L., C.A., and  
MICHAEL J. ARNOLD, F.C.A.,  
Joint Liquidators.

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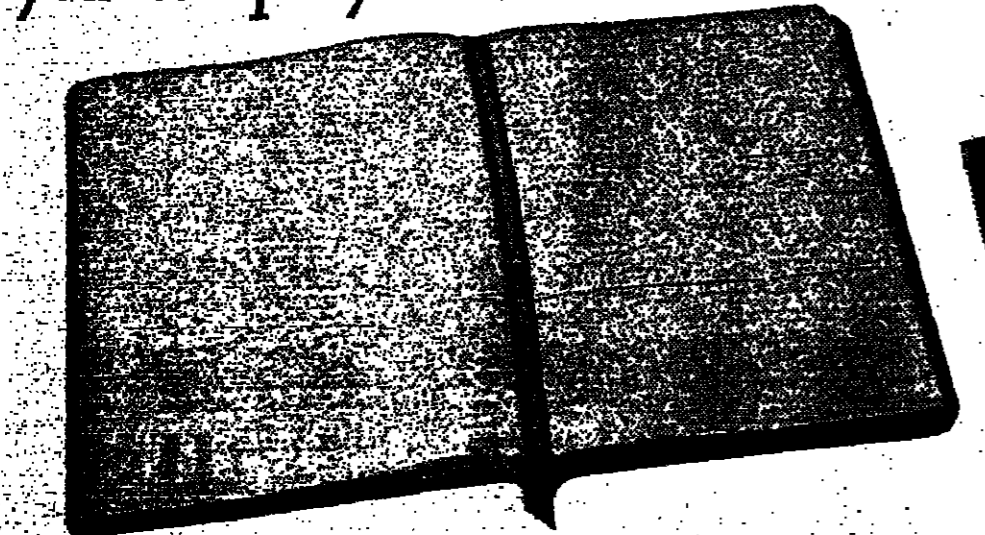
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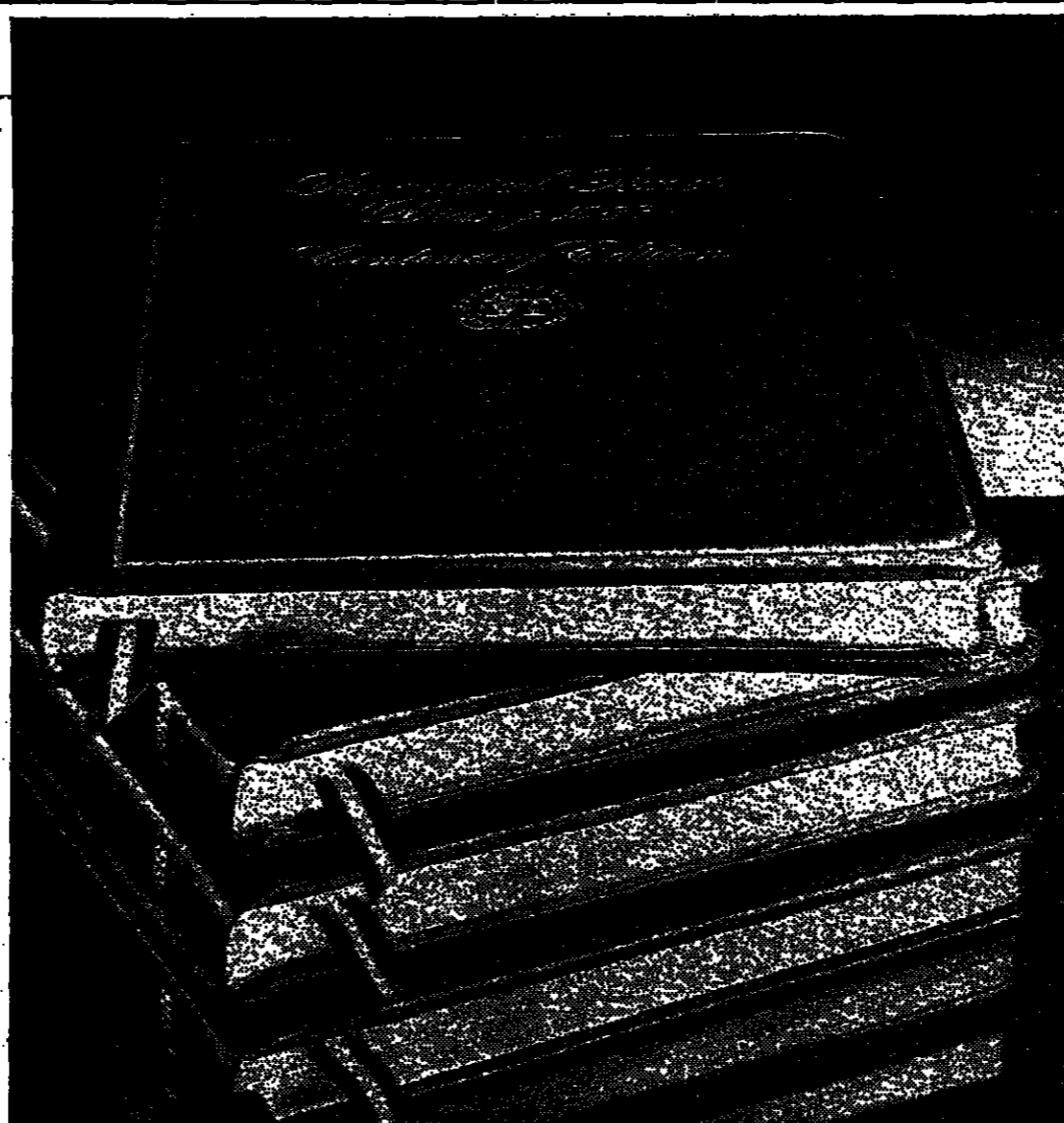
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## THE ARTS



## Opera and Ballet

**LONDON**  
London Palladium: Ballet Theatre Français with Rudolf Nureyev dancing each night in a Diaghilev season.

**NEW YORK**  
New York City Opera: A fortnight of Sigmund Romberg's *The Desert Song* features Richard White and William Parthenay as Pierre Birabeau in the company's first performances of the work, which is conducted by Jim Coleman in Robert Johnson's production. Lincoln Center (870 5570).

**JAPAN**  
Japan Folkloric Art Dance Troupe: Programme consists of traditional dances from the various regions of Japan, in spectacular, colourful and highly skilled presentation. English programme notes. Yubin Chokin Hall, Shiba Park (Thur). (582 9171).

## Music

**PARIS**  
Ensemble Gilles Binchois conducted by Dominique Villard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.  
Anna Stella Schie, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.  
Ensemble Erzwang conducted by Bernard Desgranges: Homage to St John Perse and Blaise Cendrars with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.  
Orchestre Français des Jeunes conducted by Emmanuel Krivine, Gerard Causse, alto; Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.  
All the above are part of the Paris Festival Festival (4804 9801).

**LONDON**  
London Sinfonietta conducted by Diego Masson with soloists, Machaut/Barthelme, Monteverdi, Kagel and Berio. Queen Elizabeth Hall (Mon). (928 3181).  
BBC Philharmonic Orchestra conducted by Edward Downes with Robert

Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).  
Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin, Brahms and Mahler. Barbican Hall (Wed).  
BBC Philharmonic Orchestra with chorus and soloists, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).  
English Chamber Orchestra conducted by Edmon Colomer with Emanuel Ax, piano and Jose Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).  
Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Mahaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

## FRANKFURT FESTIVAL

Frankfurt, Alte Oper: "Frankfurt Feste 87". This year's festival, until September 28, attempts to include the relevance of poetic figures and their influence on contemporary culture and society. There will be a programme of old and new music, experiments, musical theatre, chamber music, open-air performances and exhibitions. It includes the German premiere of *Prometeo*, composed by Luigi Nono and the lyric opera *Kassandra* by Peter Michael Hamel. Also Vivaldi's rarely performed *L'Olimpiade*, Mozart's *Mitridate*; Zensinsky's *Der Traumgänger* and Maurice Kagel's scenery illusions *The World Creation*. The festival will celebrate the 10th anniversary of the European Chamber Orchestra, conducted by Claudio Abbado, with a number of concerts. Other highlights include performances by the Vienna Philharmonic under Leonard Bernstein, the Philadelphia Orchestra under Riccardo Muti, the Israel Philharmonic, conducted by Zubin Mehta, the Tokyo Saito Kinen Orchestra under Seiji Ozawa and Frankfurt Opera and Radio Orchestras. Alte Oper Frankfurt, Opernplatz (0 69/13 46-4 19/4 12).

**CHICAGO**  
Ravindra Festival: The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). Highland Park (728 4642).

**JAPAN**  
Japan Philharmonic Orchestra conducted by Ken-ichiro Kobayashi with Mariaki Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9897; 989 6060).

## Theatre

## NEW YORK

*Fences* (48th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earl Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).  
*Cats* (Winter Garden): Still a sellout. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (229 5262).  
*Good Street* (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropriately brash and leggy hooking by a large chorus line. (977 8020).

*A Chorus Line* (Stambert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theatre for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (229 5260).  
*La Cage aux Folles* (Palace): With some tinsel Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (737 2826).

*I'm Not Rappaport* (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life, present and future, with a funny plot to match. (239 5200).

**WASHINGTON**  
*Satchmo* (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).  
*South Pacific*: Robert Goulet stars in the Rogers and Hammerstein musical in a View from the Bridge production in the West End of Wolf Trap. Vienna, Va. (703 225 1888).

**CHICAGO**  
*Sunday in the Park with George* (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrero as the artist and Paula Scarfano as his lover. Dot, directed by Michael Magg. Ends Aug 16 (443 3800).

**TOKYO**  
*Les Misérables*. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-

picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "school" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designers down in from London. *Les Misérables* is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

*Amadeus*. The Japanese-version of the Tony-award winning musical by Stephen Sondheim and Martin Chuzzle. Stars Shiori Kanno as Annie with Ichiro Zaitse, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1537).

## LONDON

*Antony and Cleopatra* (Olivier): Peter Hall's best production for the National Theatre he leaves in 1986 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle-scarred lovers on the brink of old age. Dench is snappy, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in *A View from the Bridge*. Juliet Stevenson in a fine revival of *Loose in the Yarns*; and David Hare's production of *King Lear*, Hopkins, a massive gaudy oak, which gathers force and more friends as it continues in the repertoire (928 2233).

*Serious Money* (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppie how the Big Bang led to crisis humul and barrow-boy dealings on the Stock Exchange. Hot and vivid, but new cast deemed less good. (336 3023, CC 378 6553).

*A Small Family Business* (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fringes in greyness, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT remains *King Lear* and *Antony and Cleopatra* in the Olivier. *A View from the Bridge* in the Cottesloe. The new Brian Friel adaptation of Turgenev's *Fathers and Sons* is decent but dull in the Lyttelton. (928 2233).

**NETHERLANDS**  
Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy *Barbarians* directed by David Swirling (all week except Sun and Mon). (243 111).

## Exhibitions

## WEST GERMANY

Kassel: Museum Fridericianum. Orange: Documenta 8 World exhibition of contemporary art: paintings, sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger presents the works of 150 artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Mapplethorpe, Mark Tansey, Alexander Malmid, Eric Fischl, Leon Golub, Robert Longo and Joseph Bonyh. There is also a separate exhibition *The Ideal Museum* where 12 architects present their ideas for Museum construction. Ends Sept 20.

Baden-Baden, Kunsthalle Lichtental: *Alles ist Henri de Toulouse-Lautrec*. This exhibition displays graphic works from 1864 to 1901 with more than 380 posters and drawings. (Ends Aug 30).  
Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power. More than 300 pieces loaned by 20 museums in Europe, Africa and America - the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Nubkheperre Intef III, discovered in 1897 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 30 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Cloths, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Sept 23.

## ITALY

Venice: Ala Napoleonica and Museo Correr: *Matisee and Italy*: over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiuolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) *Le Stanze Della Memoria*: views of interiors, portraits and conversation pieces from the Frase collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in the austere spaces of the gallery.

The nostalgic title refers to a period (1776-1870) when the aristocracy of Europe were united in never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his *Via Giulia*. Praz's passion for empire style began when still a child and he was still buying new pieces at the age of 55, a year before he died. It is said that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 8.

Rome: Palazzo Braschi (Piazza San Pietro 15). *Carri Carré* (1881-1906): Over 200 works by one of the most lyrical of Italian contemporary painters, many with clear echoes of those artists known to have influenced him, such as Giotto and Piero Della Francesca. Nearly divided into sections corresponding to his futurist, metaphysical and Realismo Magico periods. Ends Sept 18.

Rome: Palazzo Braschi: *Painter-Photographers in Rome 1945-1970*. The term *Painter-Photographer* was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photographs of Rome, including a collection by the English archaeologist, John Henry Parker, and some striking portraits, all from the archives of the Rome Commune. Ends Sept 27.

Venice: Palazzo Grassi: *Jean Tinguely 1904-1987*. The joyful mechanical sculpture of Swiss artist Jean Tinguely. A gaudy, but still mischievous, version of Salvador Dali. Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments", and the complexity and sheer improbability of his works communicates a touching "joie de vivre". Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture of his first Self-Destructing Sculpture. Home to New York, which daily self-destructed in the gardens of the Museum of Modern Art in New York in 1969. Ends Oct 18.

## LONDON

*The Tate Gallery*. Turner in the new *Cherry Gallery*. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and discussion ever since it came into the nation's hands more than 150 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too

low for one who lived in a more ostentatious age, and the tasteful central Stirling has been for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar, over-decorated entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

## NETHERLANDS

Overholland Museum (Museumplein 4). Roy Lichtenstein retrospective, with 275 drawings from 1961 to 1986, including preparatory gouaches and collage studies for murals. Ends Sept 13.

Rotterdam, Doelen. The 14th Art and Antiques Fair, with a special exhibition of old and modern prints illustrating the amorous escapades of the gods from the collection of the city's Roymann-Van Beuningen Museum.

## PARIS

*The Painter in Front of his Mirror*: A collection of 222 self-portraits from the 18th to the 20th century shows the infinite variety of ways in which an artist regards himself. From a painstaking likeness to a self representation under the traits of a muckster or the devil, from thickly laid brushstrokes to the lightest of lines, painters draw their own image for friends - or for posterity. Louvre des Antiquaires, 2 Place Palais Royal. (429 12700) Ends Sept 5.

*L'Art Independent*: To commemorate the 50th anniversary of the 1937 Paris International Exhibition, the Museum of Modern Art, built for the occasion, repeats on a smaller scale the exhibition *L'Art Independent* which was part of the heady pre-war festivities. Celebrating painters and sculptors who broke with the academic traditions of the 19th century, it assembled works by Matisse and Modigliani, Picasso and Lipchitz, Braque and Rodin among others. The present version of the exhibition allows visitors to compare the choices of the 1937 organizers with the judgement of history. Musée d'Art Moderne de la Ville de Paris, 11 Avenue Président Wilson (472 36127). Ends Aug 30.

*Invitation to a Voyage*: A delightful exhibition based on a Louis Vuitton collection, conjures up the excitement of travel from the middle ages till 1935, with finely tooled 15th and 16th century cases for jewels, knives and goblets, and smaller leather trunks - and a Satchi Guitry wardrobe case. The toilet sets dazzle with silver and crystal, ivory and tortoise shell, a French Coupe, a Dutch Royal sledge with a Japanese palanquin evoke adventure against the background of exotic travel scenes, while the Pullman era usher in the luxury of discreet comfort.

**TOKYO**  
*Images of Gods*: This exhibition of masks and totem figures from Africa, Oceania, Asia and the Americas commemorates the 10th anniversary of Osaka's National Museum of Ethnology. The 200 objects include rare items from Oceania (from Britain's George Brown Collection) along with elegant and modernistic designs from Africa and Australia. Suntory Museum of Art, near the New Otani and Akasaka Prince Hotel Akasaka Mitsuke. This is a cosy museum offering both a tea ceremony room and spectacular views over the city. Ends August 30th. Closed Mondays.

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## THE ARTS

Cinema / Nigel Andrews

## Fanfare for the British at Edinburgh

Edinburgh Film Festival  
Swimming to Cambodia directed by Jonathan Demme  
Hamburger Hill directed by John Irvin  
Fang Pong directed by Po Chih Leong

Nowhere in this rain-torn summer has more British pluck been shown than at the Edinburgh Film Festival. Each morning at nine, a sudden army of critics and festivalgoers

checked in at Filmhouse, shook themselves like wet dogs and sat down to dry during the 16 potential hours of movie-watching that stretched before them. As a reward for this resilience beyond the call, festival director Jim Hickey gave us films that were mostly in English. He clearly saw that the drizzle of incessant subtitles was no reward for our braving the dripping of Edinburgh's skies. Plus which, 1987 is blazingly the Year of the British Cinema. After being hurrah'd at Cannes, our film-makers practically took over Edinburgh. There were films from David Leland, Alan Clarke, Peter Greenaway, Clive Barker, Derek Jarman and others: most of them sharply competitive festival movies, whetting their creative edge on keenly sardonic pictures of Britain past or present.

None is keener than Leland's *Wish You Were Here*. Freely inspired by the early life of Cynthia Payne (whom Leland immortalised in his script for *Personal Services*), the film has a wonderful debut from teenager Emily Lloyd. Lloyd's heroine is a girl who cheerfully seeks sexual or subversive adventure wherever she can find it in pre-permissive 50s England. Her good humour, like the film's gamely survives a faintly sinister affair with an older man (Tom Bell), and plentiful bust-ups with her family. The film is mocking, funny, affectionate and unselfish.

*Rita, Sue And Bob Too* is all these things too, if more coarsely delivered. Directed by Alan Clarke (of *Scum*), the film's camera galumphs along in the wake of two schoolgirls (Michelle Holmes and Siobhan Finneran) who vie for the prurient attentions of a married man (George Costigan). The mixture of sexual frankness and "Se bah gurn" dialogue has attracted accusations that Clarke is patronising and/or exploiting his randy Northerners. Actually, the film is challeng-



Bob Peck and Edwina Mahinda in Harry Hook's "The Kitchen Toto"

ingly direct and was written, piping hot from her own experiences, by Andrea Dunbar.

*Rita, Sue And Bob Too* opens soon around Britain and so do other home-grown films introduced at Edinburgh, including Clive Barker's ghoul-galore horror movie *Hellraiser* and Lesli-An Barrett's feminist agit-film *Business As Usual*.

Less imminent, and well worth an early fanfare, are Harry Hook's *The Kitchen Toto* and Robert Smith's *The Love Child*. The first narrows us in darkest Kenya during the Mau Mau uprisings: seeing them through the loyalty-torn eyes of a black kitchen boy (Edwina Mahinda) working for an English family destined for decimation. Panning for gold in the stream of history, Hook's first film has a few unconvertible pebbles of naivety, but its storytelling flair is glittering and powerful. *The Love Child* is an off-the-wall human comedy, school of Bill Forsyth: with Forsyth alumnus Peter Capaldi (of *Local Hero*) as a low-grade yuppie in dole-age Britain, trading high-grade one-liners with the likes of grumpy Sheila Hancock and girlfriend Lesley Sharp. Script by Gordon Hann.

Britain's ability to make small-scale films that are both entertaining and thought-provoking is currently the envy of the Western world. Would that France, Germany, Italy and other countries presently in a creative trough could follow the example. To match the UK and the best new movies from the US (Edinburgh unveiled Michael Mann's gleaming existential thriller *Manhunter* and Tim Hunter's macabre fiasco of small-town anomie *River's Edge*), one has to go as far East as Japan, Taiwan and Mainland China. The People's Republic is at last punching sprocket-holes in indie stories and images worth watching. The Tibetan-set epic *Horse Thief*, lately shown at the ICA, was joined at Edinburgh by Huang Jianxin's *The Black Cannon Incident*, a deft satire on overzealous Marxism also due soon at the ICA. From Taiwan came Edward Yang's *The Terrorists*, a haunting rondo of city life in which a set of self-destructive strangers fatefully interact.

And from Japan came two of the best films of the year. Juno Itami's *Tempopo* is a comedy on gourmet cooking for which the word "screwball" would be an understatement. It spins and spirals in all possible directions; as sketches on man's oral desires (includ-

ing a pair of lovers who do undreamed-of things with a raw egg yolk) coincide with a dead-pan-lunatic plot about a couple starting a restaurant who comb every kitchen in Tokyo, seeking to borrow or burgle the perfect noodle recipe.

Massaki Yamamoto's *Robinson's Garden* is a true original: a film whose amiably crack-brained heroine (Kumiko Ohta) does her own Robinson Crusoe act, turning the "desert island" of a derelict house and allotment in the city into a verdant, burgeoning Paradise. Annihilating all to a green thought in a green shade, she is matched in her loopy lyricism by the director. He turns what could have been a ponderous eco-fable into two hours of funny, unpredictable, Quixotic magic.

Into London this week comes the quirkiest American film seen at Edinburgh, *Swimming to Cambodia*. Gird yourself up for 80 minutes of nonstop monologue from writer-actress Spalding Gray. Helped by some modest multi-media flourishes—a projected sunset behind him, a few lighting changes, music by Laurie Anderson—he regales us and his small off-Broadway theatre audience with the appallingly hilarious tale of

whether Hogarth ever was quite so common and beastly as this. There is a pleasing too, from Philip Frank as a slightly camp Fielding; it is on him that the play ends, as he and a post-stricken harlot watch the Queen sail down the river in the royal barge, with Handel's music following behind.

Penny Downie is fine as the condemned murderer Sarah Sprackling, a decent young woman sunk to the depths. The character is an interesting contrast with the whore Louise, everyone's favourite, who is a solid tradeswoman by her own standards. Niamh Cusack plays the one unquenchably good woman, Hogarth's wife Jane, kind and understanding in almost all the difficult situations into which Mr Dear precipitates her. The cast is unchanged from last year's production at The Other Place, Stratford, from which it now transfers.

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life in Thailand during filming on *The Killing Fields*. Gray played a tiny role in the movie, as the US ambassador's aide, but he milks his peripheral viewpoint for all it is worth. He draws a wonderfully funny picture of Thai night life, of the Thais themselves ("the nicest people money can buy"), of *Killing Fields* director Roland Joffe ("a combination of Zorro, Jesus and Rasputin") and of his own bid to memorise his one major line in the film, a fustian tongue-twister about "computer malfunctions" and "missing co-ordinates."

At first glance Gray looks like a harassed commercial traveller: vaguely tousled and menopausal, he is someone you would not notice on the street, unless he came in off the street and put a foot in your door. Which Gray does here. And once started in on his pitch, he is irresistible. The voice ranges from slyly hissing mockery to mega-declat accent to Scheherazade blandishment. At the end of half an hour you would happily buy a used car or a set of vacuum cleaners from this man. And probably from director Jonathan Demme (late of *Something Wild*) too.

*Hamburger Hill* does not put a foot in your door. It shoots the door down with a bazooka and then moves in, tramping over your Axminster carpet. We are under attack from Vietnam movies almost every week at present. But this one, directed by Britain's John Irvin from a script by Jim Cavatoos, has no weapon but overkill. Following a group of American soldiers trying to storm a Viet-cong-held hill, the film's first title shot tells us what we are in for: Vietnam the vision, visceral, as a man topples over on his back clutching the entire escaped contents of his stomach. Thereafter the movie has no strategy but repetition. Mud, blood and war-shells dialogue splatter on for 110 minutes, relieved only by the odd note of eerie originality from Philip Glass's music.

Po Chih Leong's *Fang Pong*, sadly, has not even that. A dingy mystery thriller cum morality tale set in London's Chinatown, it tackles wills and killings, mystic metaphor and incest. The movie is a stranger ordered up every number on the cinematic *à la carte* and then discovered it did not have the money, or the imagination, to pay for it. David Yip of *The Chinese Detective* and Lucy Sheen (with Janet Street Porter accent) star.

Entering the courtyard of plots against Elizabeth is kept surprisingly lively, thanks to the impassioned playing of the Festival production of Schiller's *Mary Stuart* come face to face with a statue of the great reformer erected by Scotsmen "mindful of the benefits conferred by John Knox on their native land." He points to the gateway through which we have arrived, unequivocally advising us to retreat from this Romantic tragedy about the monarch he helped to destroy. His interviews with the Queen of Scots invariably ended with her helpless tears. His confrontation with Mary's English cousin was hardly more auspicious. One did not pluck Elizabeth by the sleeve and harangue her as God's silly vassal and expect to be asked back.

Mary is inescapable this year, the 400th anniversary of her execution. Schiller's play, famous for its imagined meeting of the two queens and basis for at least one opera, is a suitable tribute to the manufactured myth. Frank Dunlop's production intriguingly uses the first English translation by one Joseph Melish (died 1823), a friend of both Schiller and Goethe. For the most part Melish deploys pentameters with a vaguely Shakespearean ring, though on enjoying a rare outing in Fotheringhay park the captive queen suddenly rollicks into galloping rhyme.

The translation provides a valuable early-Romantic viewpoint of the figure on whom the nineteenth-century would confer tragic status. The trouble is that director Dunlop lays about him in search of a style. The play opens with a short medley of Renaissance music from three excellent players, and we later get youths and maidens carolling and cawing in the accents of Merrie England; but Elizabeth's royal hunt ("Hullo!" they conscientiously cry) is accompanied by stylised dogs, actors in wickerwork muzzles that recall the horses in *Leicester*.

Mr Dunlop is unsure how formally the play should be treated; there is something unconvincing about an Earl of Leicester sprawling on steps as he casually reveals to a stranger a secret plot to spring and marry the Scots queen. On the other hand, the long, wordy argument between Leicester and the young hot-head who

devil gets the best tunes, and I predict that by the end of the run Jill Bennett will be vastly enjoying the role of the Tudor queen. Already a subject that might be described as tangy camp is showing through, as when she coyly toys with the question of the marriage that would deprive her, as she puts it, of "my greatest treasure". There is the faint suggestion of a leer in the pause before she explains, "My liberty". Miss Bennett's querulous seagull mew certainly has the ring of authority, though not perhaps of 16th century autocracy. The air of disapproval as she gingerly enquires "You're acquainted with the fogs of England?" might be better applied to "Do you know the Buckinghamshire Ramsbottoms?" Elizabeth may have been the Virgin Queen; Miss Bennett, divertingly plays her like a Maidenhead matron.



Jill Bennett and John Fraser

Mary Stuart/Assembly Hall, Edinburgh

Martin Hoyle

## New ballet festival in Turin

This year Piedmont must be the Italian region with the largest number of dance performances. While the festival at Vignale (Vignale, Dama) has been French or Swiss, I saw two performances during the month-long festival, one from Zurich and one from Monte Carlo.

Switzerland, with its important dance competition at Lausanne, Oscar Aratz at Geneva (his company took two programmes to Turin, and Miss Morris' group, which was a last-minute addition, inserted as a prologue, all the companies have been European, most of them French or Swiss. I saw two performances during the month-long festival, one from Zurich and one from Monte Carlo.

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## The Art of Success/The Pit

B. A. Young

To show at once that this is to be a play of low life, Nick Dear starts with a meeting of successful men: the Club of Beefsteaks, and casts their talk in such sly dialogue that hardly a line of it could be printed here. The members of the club are William Hogarth, Henry Fielding, and a merchant and a peer of no special significance.

When we enter low life proper, the dirty talk is accompanied by dirty action; and, having said all that, let me add that the play has an interesting story and an important theme. Mr Dear has chosen to express it through a series of encounters with whores, prisoners and dishonest politicians, all of them still frequent in our world 250 years later than the time of the play—and even that time is uncertain, since it must encapsulate the publication of Hogarth's "The Harlot's Progress" and the consequent

whether Hogarth ever was quite so common and beastly as this. There is a pleasing too, from Philip Frank as a slightly camp Fielding; it is on him that the play ends, as he and a post-stricken harlot watch the Queen sail down the river in the royal barge, with Handel's music following behind.

Penny Downie is fine as the condemned murderer Sarah Sprackling, a decent young woman sunk to the depths. The character is an interesting contrast with the whore Louise, everyone's favourite, who is a solid tradeswoman by her own standards. Niamh Cusack plays the one unquenchably good woman, Hogarth's wife Jane, kind and understanding in almost all the difficult situations into which Mr Dear precipitates her. The cast is unchanged from last year's production at The Other Place, Stratford, from which it now transfers.

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Friday August 21 1987

## Cold bath time in the City

EVEN in these democratic times, the Bank of England still clearly subscribes to one item in the public school creed: cold baths are character-building. When interest rates were unexpectedly pushed up in the middle of the statistical month, the Bank was quite openly pleased with the shake-out it had provoked in the equity market. Yesterday, when the horrid facts came out, the Bank took the opportunity to add some cold water to the pool. There were no soothing explanations of the rise of nearly £5bn in bank lending; and just in case a previously buoyant market might recover its nerve, a £7.5bn BP privatisation issue was announced.

It is not easy to think of any precedent for this determined assault on a bull market, but the Bank's reasoning has been clearly spelled out in recent official speeches and in its quarterly Bulletin. The Bank has for some time been worried that credit-fuelled asset price inflation would sooner or later infect the economy at large.

There are good reasons for this worry. They are not, until now, those which most exercise City commentators. There is surprisingly little evidence that mortgage borrowing and privatisation profits are doing much to inflate consumer spending, which continues to rise almost exactly in line with incomes. House price inflation, on the other hand, has already had a direct and measurable effect on the growth of money incomes themselves, in the shape of a round of increased regional weightings in pay settlements in the Bank of England's own patch, the financial sector.

## Crocodile tears

There are also prudent worries about the financial sector itself. Brokers and market makers, who are finding it very hard to meet their swollen costs out of commission and trading income, have been increasingly driven to high-gear over-account trading (as have some manufacturing companies in Japan). The Bank has ensured that all those involved are now well aware of the risks, and was indeed reported yesterday to have been shedding some crocodile tears over the financial strains which have resulted.

The Bank's difficulty is that while it can create considerable shock and horror in its own im-

mediate neighbourhood, it has only the most marginal influence on the bull market it would most like to check: the house market. House-buyers will not even notice what has been done so far, unless they happen to own large share portfolios too. The rise in market rates has done no more than prevent mortgage rates from falling.

Indeed, there is little in the past history of the housing market to suggest that even a rise in mortgage rates would have any short-term effect on house prices; and the persistent strength of sterling argues strongly against even this modest move in the immediate future. Given this constraint, the attempt to influence the housing market through short-term rates does not seem to be a very promising strategy.

## Flood of money

All this suggests that while the Bank has shown that it can change the mood of the markets, it would be unwise to try to push its influence much further. The flood of money which has been infusing asset prices all over the world is itself international; indeed, there is now a great deal of foreign money in the British mortgage market. That is one reason for the acceleration in lending: the banking sector as a whole is now financing a much bigger share of this market than it was even a year ago.

It is in any case not the personal sector but the corporate sector which has contributed most of the growth. This reflects a number of influences. Since bank credit-worthiness is now tarnished by troubles with developing country debt, corporate treasurers and market makers, who are finding it very hard to meet their swollen costs out of commission and trading income, have been increasingly driven to high-gear over-account trading (as have some manufacturing companies in Japan). The Bank has ensured that all those involved are now well aware of the risks, and was indeed reported yesterday to have been shedding some crocodile tears over the financial strains which have resulted.

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## The sources of violence

THE MURDEROUS assault upon innocent passers-by in the small country town of Hungerford, Berkshire, on Wednesday afternoon was an isolated incident of a kind that is mercifully rare in this country. It will never be possible to understand fully what went on in the mind of the gunman, Michael Ryan, before he killed 14 people, wounded as many others, and finally shot himself. Yet those who say, with remembrance of mass murders like those at the Texas Tower in 1966 and McDonald's restaurant in San Isidro, California, in 1984, that this is the kind of crime that usually happens in the US, miss an important lesson—namely that the Government can take action to reduce the level of violence in the community.

Common sense and common observation suggests that there are at least four roots of civil violence: the mental instability of individuals, the availability of guns, the ambience, and the living conditions of the young people who see no hope for themselves in an increasingly affluent society. The Government is at least addressing itself to the latter in its efforts to improve the economies of Britain's inner cities; the degree of adequacy of those efforts is a separate matter. It is on the other three that attention must now be focused.

## Powerful weapons

As to the first, there is not much that can be done about the mental instability of individuals. Michael Ryan's was not an isolated case, even in Britain. In 1984, for example, Jeremy Bamber killed five members of his family; in 1986 Colin Gill shot dead his wife, his four sons, and himself. Others, as in Chesterfield in 1977 and West Bromwich in 1978, have killed beyond their own families. Guns were used in most, but not all cases. It might be argued, with hindsight, that Ryan was not a man who should have been allowed to possess guns, but it is difficult to conceive of a workable system that would allow the police to deprive a member of a gun club of weapons because, say, his neighbours thought he was lonely and obsessive. What the police could do, and by all accounts wish to do, is restrict the possession of

guns more severely, both by number of owners and by type of weapon. The overwhelming quantity of murders by gunshot in the US is not unrelated to the mass possession of all types of guns. British gun control laws are tight, but not necessarily tight enough. The use of guns for target shooting appears to be on a rising curve, which may in itself be harmless enough, although some of the weapons available through sporting clubs are on the face of it more powerful than they need be for clay pigeons. The police are particularly concerned about the use of shotguns in crime. It is also reported to be possible to order a variety of horrific weapons by mail, using a credit card number.

Mr Douglas Hogg, a junior minister at the Home Office, has promised that the laws governing possession of guns will be reviewed. This is the least that might be done; what is required is a speedy review and, where applicable, decisive action to follow.

## Home videos

The matter is not quite so clear-cut when it comes to the social ambience. Gratuitous violence on television, in the cinema, and in home videos has been the subject of a number of studies. The connection between this worldwide phenomenon and the incidence of violence in real life is not easy to pin down. In Japan, where violence on the screen is endemic, the streets are safe. In the US where the connection seems obvious to the naked eye, much of the media violence is of the comic-dots variety; the victims do not bleed. In Britain, which cannot be isolated from the world's cinema and television output, the Government has already possessed greater powers of censorship than is desirable. Yet it remains possible for the Home Office to initiate and finance further studies of the effect of violence on screen and to use the products of existing and future research to encourage self-restraint by the broadcasting authorities and video publishers. There will always be incidents like the one in Hungerford that does not mean that nothing can be done to minimise their occurrence.

## Electronics is transforming medical diagnostics.

Terry Dodsworth and

David Fishlock assess the consequences

## Shaken by a nuclear blast

THE IMPACT of new technology on a well-established market has rarely been more dramatic than in the global reorganisation that has recently shaken the medical diagnostic equipment industry. Within the last four months, two new groups have emerged in the sector, bringing together four of the world's top five manufacturers of X-ray and other imaging machines. All of these companies were big before the reshuffle began, and each of them enjoyed the backing of some of the world's largest electrical conglomerates. The new group, General Electric of the US and Thomson of France, on the one hand, and Philips of the Netherlands and the UK's GEC on the other. Yet they are all struggling with the financial and marketing pressures resulting from the development of the new diagnostic technique of nuclear magnetic resonance (NMR).

Invented initially in the UK, NMR promises to be the most significant initiative in imaging equipment—devices which look into the internal composition and working of the body since the X-ray machine. The quality of the pictures developed by NMR devices is exceptionally high, allowing doctors to examine complex parts of the body in much more detail than in the past. In addition, the process is regarded as inherently safer than X-rays since it works by enveloping the body in a magnetic field rather than by firing radiation at it.

The advent of NMR has put heavy strains on the industry. Because the current machines are costly—priced at well over \$2m (£1.2m) in their most expensive versions—manufacturers are racing to cut costs through better electronics and software. US General Electric alone has spent \$300m in research on its product range. Executives say that the big companies are spending so heavily on the new equipment and marketing battles that none of them is making money.

"All the big competitors worldwide have decided that NMR is the future, so there has been enormous investment in research and development," says Mr Vincenzo Morelli, president of the European medical systems operations of General Electric of the US. "Companies have priced at the level they expect costs to be two years down the road, and they have provoked a blood-bath."

The heavy cost of coping with the advent of NMR was first demonstrated by the decision of Johnson and Johnson, the American health care group, to pull out of the medical equipment market a year ago. The new round of rationalisation, however, is much more comprehensive in scale, and it began with an agreement between Philips, strongly placed in Western Europe, to merge with Plessey, the GEC subsidiary whose main operations are in the US.

This move was followed last month by GE's acquisition of Thomson's GCR division, a deal which gave the American group a strong position in the European X-ray equipment business, and put it at the top of the

world league table in diagnostic equipment, with total sales of approximately \$2.2bn a year. While Philips/Plessey and Siemens are not far behind in revenue, these three are roughly double the size of the next largest company, Toshiba of Japan. Such increasing marketing muscle must put a question mark over the future of a second division companies such as Elscint, the Government-owned Israeli company which has recently run up heavy losses.

"These deals indicate the importance of size," says Mr Stephen Parker of brokers Wood Mackenzie. "In an industry which is characterised by a sophisticated market and high research and development costs, a broad product range and a critical mass are important concepts."

If the reorganisations are managed effectively, the big three groups will emerge with several of the features which are becoming increasingly evident in high technology companies grappling with new, fast-growing activities.

They will each be strongly based in at least two of the three large regional zones, the US, Japan and Europe, which account for the bulk of world electronic sales—85 per cent in the case of medical diagnostic equipment. GE will have the added strength of a significant base in Japan, where it owns 75 per cent of Yokogawa Medical Systems.

Access to this spread of markets is important both for absolute sales and for long-term growth. Any company looking for scale, for example, can hardly ignore the US, which

accounts for roughly 45 per cent of the total world market of around \$5.5bn in imaging equipment. But growth prospects are better elsewhere. Under pressure from cost-cutting measures, the US market is expanding at only about 2 per cent, while sales in Europe, which is far behind in the use of sophisticated diagnostic equipment, are growing at approximately 6 per cent a year. Japanese demand is even stronger, going up by 15 per cent annually.

The three big groups have a broad spread of diagnostic products as well. Indeed, they all produce in the five areas which make up the bulk of the imaging equipment sold by the industry—conventional X-ray, computerised tomography (which uses computers to

analyse X-ray pictures) nuclear medicine (which traces disease on computer by following the path of an infected radioactive material) ultrasound and NMR. This means that they all have the ability to sell complete packages to hospitals, and more specifically to radiology departments which tend to choose the equipment.

Finally, technology is playing a central role in the battle for competitive advantage. The drive to bring down electronics and software costs is one of the main reasons for the dominance of the large electrical and electronic companies in the industry. As in businesses like semiconductor manufacturing, competitive strength has less to do with production costs than the ability to bring

## Electronic images at the heart of the hospital

to justify nuclear magnetic resonance, although not for long. It is expensive and it needs its own concrete bunker, he explains. Floor space is something he costs very carefully.

At present, for the 15-20 patients a month requiring a NMR scan, it is better commercial sense to buy time on the scanner at Guy's Hospital Medical School, a stone's throw away. One reason the numbers are not higher is that Dr Scholes's field does not include psychiatric medicine, an area where NMR is proving a particularly valuable diagnostic tool.

But Dr Scholes can offer a novel surgical technology in the same price bracket as NMR, which is much harder to buy. It is called lithotripsy, a German invention for ridding kidneys

of stones without conventional surgery. It was pioneered by Dormier, the aerospace company, and in 1983 Dr Scholes was its first British customer, at a cost of about £1m.

Instead of extracting the stone with a scalpel, lithotripsy uses high-energy shock waves, focused to a point, to shatter kidney stones into grains fine enough for the kidney to excrete.

But the market pioneered by Dormier in the early-1980s soon attracted competitors, including Siemens and a smaller German group, Wolf. In May, London Bridge Hospital took delivery of a Wolf lithotripter, again the first to be bought in Britain.

Where the Dormier machine necessitated construction of a new building, near Harley Street, the Wolf is miniaturised and much simpler for

patient and doctor. Moreover, it costs only \$600,000. It uses a piezo-electric method for generating shockwaves that avoids the high running costs of the Dormier. Dr Scholes has been able to cut the cost of treating a kidney stone from £1,500 to less than £500 for each £1,000 for however many attacks on the stone are required.

But the success of the lithotripter, no less than other new surgical procedures, depends vitally upon the clarity with which the surgeon can see his target. The surgeon is becoming more dependent on the new "imaging" techniques.

The earliest imaging system, dating from the turn of the century, is X-ray, which made a step change in its usefulness about 1970, with the invention of the EMV Scanner, now owned by US

General Electric. This technology, computer-aided tomography (CAT), involves a mini-computer powerful enough to reassemble many X-ray images into a composite, in order to give the doctor a glimpse deep inside the body, as if he were looking through a window.

So revealing was the CAT-scan, no radiographer felt he could be without it. But the machine was still a very expensive. Nevertheless, part of the array of imaging systems at London Bridge Hospital is a Shimadzu body-scanner from Japan, which cost about £200,000.

For his array of more conventional X-ray technology—including mammography, which is now seen as a valuable tool for early detection of breast cancer—Dr Scholes put the contract to equip both his new hospitals out to ten-

der Siemens bid of £800,000 beat Philips and US General Electric.

Dr Scholes has also earmarked another £300,000 for an advanced X-ray system called digital subtraction angiography, which will allow surgeons to image the coronary arteries and use laser treatment to reopen narrowing blood vessels. So fast is this technology moving, however, that he is deferring investment until it is clearer just which system they should buy. He has also invested £150,000 in nuclear medicine, which uses radioactive materials to trace the pathways and patterns of disease.

Proportionately, perhaps the most dramatic reduction in cost among the new imaging systems is in ultrasonic imaging. The first ultrasound system bought by the group cost about £55,000. The latest cost between £25,000 and £35,000.

## August drums of war

The end-August English Bank Holiday weekend has promises to be not so much a frolic—more a time for bloody battles. And I am not referring to football hooligans.

Such diverse organisations as English Heritage (with sponsorship by a supermarkets chain) the English Civil War Society, and the American Revolutionary Troops own expeditionary force, are also reported to be possible to order a variety of horrific weapons by mail, using a credit card number.

Mr Douglas Hogg, a junior minister at the Home Office, has promised that the laws governing possession of guns will be reviewed. This is the least that might be done; what is required is a speedy review and, where applicable, decisive action to follow.

## Home videos

The matter is not quite so clear-cut when it comes to the social ambience. Gratuitous violence on television, in the cinema, and in home videos has been the subject of a number of studies. The connection between this worldwide phenomenon and the incidence of violence in real life is not easy to pin down. In Japan, where violence on the screen is endemic, the streets are safe. In the US where the connection seems obvious to the naked eye, much of the media violence is of the comic-dots variety; the victims do not bleed. In Britain, which cannot be isolated from the world's cinema and television output, the Government has already possessed greater powers of censorship than is desirable. Yet it remains possible for the Home Office to initiate and finance further studies of the effect of violence on screen and to use the products of existing and future research to encourage self-restraint by the broadcasting authorities and video publishers. There will always be incidents like the one in Hungerford that does not mean that nothing can be done to minimise their occurrence.

## Men and Matters

Yorkshire, the English Civil War Society intends to fight a major battle at Scarborough Castle.

The society was formed some 20 years ago when two "armies", the Roundhead Association, and the King's Army, began to re-enact events of the English Civil War. They now have a combined muster of 2,500 good men and true, together with assorted weaponry, including 18th century pikes, and muzzle-loading muskets.

Their unofficial motto is, "Eccentric, but by no means frivolous." Which seems to sum up plans for this military-flavoured holiday weekend.

## Port for sale

Are there any rich mariners out there who fancy owning a port of their own, perhaps donning a peaked cap to play at harbourmaster?

The property people see the old sailing ship port of Charleston, on St Austell Bay, Cornwall, as a commercial and leisure opportunity.

Television and film makers like it because they can tie up schooners in the old ship basin and have an authentic background. Tourists go there because it is a quaint old world village.

The port and the village are now up for sale as a going concern. Conrad Ribbalt will knock it down at an auction next month, probably for around £5m—say less than half the price of a prestigious mansion on Regents Park, London, or twice the cost of fitting out a big new McDonalds.

The owners are trustees for a number of different companies—the company owning the pub, the company owning the hotel, and so on.

The auction lot is unusual in that it comes with a working port which has its own lock gates, backed by a complicated



"Sorry—but someone's got to limit the amount of money in circulation"

piece of Victorian engineering which, by using tunnels from lakes in the hinterland, keeps constant the level of water in the port basin inside the lock.

Charles Rishleigh was the original developer. He started Charleston at the end of the 18th century in order to ship out china clay to the Staffordshire potteries.

But now the locals are more dependent on the tourists who flock in during the summer.

Rishleigh's presence is still felt there. Visitors like to go through his tunnel where the china clay was pushed on trolleys from the drying sheds to the quays, and which are now part of the visitors' centre—80,000 customers last summer, and a turnover of £119,406.

## Women's market

Two women, both aged 27, have broken old City of London shibboleths by running a market-making team.

Gillian Fabrizi, who 10 months ago started training as a market-maker in UK stocks, and Anne Katherine Meunier, a former analyst in Belgian stocks, now form the French stocks team at County NatWest.

In less than six months they have built up the group's market-making capability from a token presence to over 60 per cent of the French stocks traded on SEAO. And by the first week in September they will be trading in all French securities.

They expect business to improve in the autumn when the Stock Exchange starts trading options in international stocks, which will probably include French securities.

Both will be raising closely with David Lewis, who recently moved to London from the US to head County NatWest's traded options team. Their role will be to trade the shares once options have been listed.

## Living it up

Cultivation of old inner-London districts by the young and upwardly mobile is reeling in some subtle name changes.

Clapham has long since become Clarn to those Sloane Rangers forced by high property prices to move south of the river.

But now a sharp ear can detect Stowall (formerly Stockwell), Battersea is replacing Battersea, and dear old Brixton is becoming gentrified into Bryton.

At breakfast he asked the hotel waitress for cappuccino coffee.

"Nay lad," she responded. "We don't do that. You would have to go to Leeds for that..."

Observer

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Nicholas Ashford, The Independent

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TYCOONS, REVOLUTIONARIES AND APARTHEID

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With half its assets in the US, BP has a strong motive for trying to raise the proportion of its shares held overseas from the present 6 per cent of equity. A target of 25 per cent overseas shareholding—which BP originally hoped to obtain—would imply that as much as half the autumn share offering should go overseas. US shareholdings are desirable for a company like BP which will spend large capital sums in that country.

The offering, which includes the Government's 31.7 per cent holding in the company and a

## Max Wilkinson considers some problems in BP's £7.5bn share sale

Since the details of the offering have yet to be decided, it remains to be seen whether this ambition will be fulfilled. The

For the British Gas flotation last December, it was agreed that overseas institutions

would quickly mop up excess demand. But if the price proved tight, the placements of large blocks of shares with foreign

The argument about how the shareholding should be split is complicated by the uncertain appetite of U.S. investors for

which go to the heart of the Government's privatisation strategy.

So once again, the Government is faced with that conflict inherent in its policy of asset sales, between a desire to make a big popular splash and the longer term interests of the

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# FINANCIAL TIMES

Friday August 21 1987

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## Labour unrest flares again on streets of S Korea

LABOUR UNREST flared in South Korea yesterday when strikers fought off police and police fired tear gas at miners. The continuing turmoil has cost the country more than \$700m, Renter reports from Seoul.

Chief State Prosecutor Mr Lee Jong-nam repeated Government warnings that radical protesters would be arrested and tried.

Trade Ministry officials said the four weeks of strikes that began after the Government agreed to political reforms last month had cost the country about \$720m in lost production and exports.

They added that further economic damage was inevitable if the strikes persisted. In the southern port of Pusan, about 100 footwear factory strikers armed with clubs

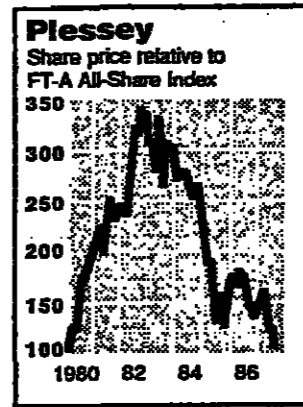
fought off police workers who opposed the strike, leaving three injured. Two people were hurt in the east-central town of Yonggwang as riot police fired tear gas to disperse 900 coal miners.

In the capital Seoul, Government officials began making contingency plans for a threatened strike by about 20,000 bus drivers on Saturday. Union leaders are demanding a 22 per cent wage rise but employers have offered 5 per cent.

Industrial officials have said the unrest might sap confidence abroad in South Korea's business performance and help competitors chip away at the country's export market. Trade Ministry figures showed that while exports grew 33.8 per cent to \$25.5bn in the first seven months of 1987 against the same period last

## THE LEX COLUMN

### Hang on just a Mo



The stock market's immediate reaction to yesterday's money supply and bank lending numbers was little short of panic. The turnaround on the FT-SE 100 index was nearly as large as that on the Thursday, two weeks before, when base rates rose. And despite soothing noises from the authorities, gilt-edged prices closed barely above their lows while equities were still well down on the pre-announcement level.

So it would be hard to argue that the markets took much comfort from the official line that the figures showed nothing more than a continuation of earlier, well-known trends. That would imply, after all, that the base rate rise was just a return to the monetary climate before the pre-election cuts, and that unless inflationary forces were harnessed from here there should be no need for another.

Apartment from the markets' increasing suspicion of the official version - which is likely to make statistic-watching an even more obsessive pastime - those who seek reasons for fearing that inflation is back in town can find plenty. The rise in bank lending was not, in the main, the "bad" variety - fueling consumer spending - but "good" in that the corporate sector was responsible. Yet, as yesterday's second quarter capital spending figures suggested, companies are not investing in the expectation of further volume growth as well as investing in extra capacity. That ought to show up in the trade figures - next due on September 1 - and there could be greater upward pressure on wage settlements too. Another rise in interest rates may not come soon, but the betting is that it will later.

And that leaves the vendors of £7.5bn of BP shares with a real problem if a receptive market is to be engineered.

**BP** Though the details of the BP share sale are still far from clear, there will plainly be some ingenious touches from the house of Rothschild. The registration scheme, for example, will not only concentrate the punters' minds early but will also give the Government an early feel for the final level of demand, and hence the necessary level of discount. It also seems likely that the £7.5bn rights issue will be on the same three-stage payment basis as the main offering, and so will

earnings will be comfortably ahead of last year's £184m. This news, plus another strong rise in the order book to £1.5bn, pushed the shares 13p higher to 194p, where they are trading at around 11 times prospective earnings.

As to the quarterly reporting, Plessey has a point in arguing that its erratic earnings pattern makes its shares more volatile than most. This is why it is so keen to take advantage of a relaxation in US stock exchange rules which allows foreign companies to reduce the frequency of results. But however good the argument, it is surely patently clear to any company to say to shareholders that they should not be given quarterly information because they might misinterpret it.

**Queens Moat Houses** There must have been sweating palms at Chertsey House when finding a home for yesterday's one for three rights issue from Queens Moat Houses, particularly after the underwriters had so recently been left with all but 6 per cent of the issue from fellow hotel group Mount Charlotte. They were helped by a relatively wide 10 per cent discount, the announcement of two seemingly sensible European deals, and the realisation that Queens Moat may now look good value compared with Mount Charlotte and even Trusthouse Forte.

## Richard Gourlay explains the anger behind five weeks of industrial strife Economic miracle passed many workers by

MR KIM SOOK MO of Ulsan has a lot to do with why Americans can drive away from a showroom with an Italian-designed, five-door Hyundai Excel car for as little as \$5,500. In turn, this helps to explain why Hyundai Motor expects to sell Americans 250,000 Exceles this year.

This increase of 70,000 over last year will probably happen in spite of the loss of 25,000 cars during strikes that have gripped many of Hyundai's 220 suppliers throughout South Korea over the last five weeks.

Mr Kim, a worker for Hanil Lee Hwa, which makes nothing but car seats, door panels and dashboards for Hyundai, is paid \$375 a month and is relatively well off. His male blue-collar colleagues receive on average \$300 a month while women get 10 per cent less, the company says.

Sometimes they work round the clock when overtime becomes compulsory to feed Hyundai's tight "just-in-time" component supply needs. At present, while Hyundai's lines are starved of components by strikes at other suppliers, there is no work.

As Hyundai Motor tries to gather enough components from suppliers to end its 11-day stoppage it is becoming clear that the Mr Kims in smaller companies have missed out on South Korea's rapid economic growth, compared with workers in the more visible showcase industries.

"Our main problem is wages. We have asked for a 30 per cent increase," Mr Kim says, to which planning department manager,



Striking miners in South Korea demand higher wages

Mr Lee Duck-yeon says: "Hyundai has already set the unit price. So, without increases in this price, higher wages are difficult."

This kind of pressure on suppliers in the shipbuilding industry, for instance, continues to feed the trade unions in the world under enormous pressure because of low costs.

By comparison, Hyundai's car workers are relatively well off, by South Korean standards, and are a better position to negotiate through their new union representatives.

According to what the company has filed with the Stock Exchange, which analysts believe to be accurate reflections of re-

ality, Hyundai Motor's blue-collar workers are paid about \$550 a month. The plant is working 12-hour shifts, which makes overtime compulsory, workers say, and means there is a 60-hour working week.

They complain they cannot live on the standard wage alone. Yet many seem to realise they are in the best position in Ulsan, which the Hyundai group has transformed by employing 100,000 of the 550,000 population. Most of them, apart from the clear imbalance between Hyundai's growth and their wages, is management's total opposition to free trade unions in the past.

Leaders of unions used to be arrested for communist activities under the National Security Law, according to workers at the Social Labour Mission Council, which is beginning to speak out for worker rights. Observers say management used to call in the police - a mixture of riot police and company thugs - in the past at the first sign of anti-company union organising. In a country where the Government has a very tight grip, the implication is that the it fully cooperated with the companies in some brutal suppression.

The ruling Democratic Justice Party has belatedly recognised that workers' rights must be met. "Labour should be given a fair share of the (economic) growth which was achieved through their sweat and sacrifice." This was not spoken by a labour activist with political motives, of whom there are few in South Korea, but by the Government party's presidential candidate, Mr Roh Tae Woo, last week.

Although the Government is beginning to press Hyundai on its anti-union stance, observers say the real targets of attack on "Asian sweatshops" should be the footwear and textile industries that employ people with poor educational qualifications.

Although there are few managers who now openly doubt the validity of labourers' right to a larger share of the economic success that South Korea has enjoyed, there are some reservations. Businessmen are starting to draw comparisons with Singapore, which has priced itself out of the cheap labour market and is having difficulties adjusting in a higher technology field.

They remember days when South Korea imported almost all its car parts. They are aware that, in the case of Hyundai's Excel, for example, the company is still 25 per cent dependent on imported parts, making its cheap labour essential for continued competitive advantage. And they are aware that the last 18 months of boom have a lot to do with low international interest rates and oil prices and the strong Japanese yen that has given Korean products the edge, particularly in the US market.

## US seeks better ties with Syria

Continued from Page 1

continues to insist on the need for further dialogue that Damascus has dissociated itself from terrorism as a precondition of considering a restoration of its own ties.

The thaw in US-Syrian relations started late in June when President Reagan sent a letter to President Hafez al-Assad. General Walters followed up with his trip to Damascus last month, focusing on the Iran-Iraq war and American hostages in Lebanon.

On Monday, Mr Glass, an American journalist, appeared in a West Beirut hotel saying he had fled his captors, believed to be pro-Iranian Shia fundamentalists. Syria was swift to claim credit, saying that it helped to "facilitate" Mr Glass's escape, and US officials went out of their way to thank Syria for its unexplained role in Mr Glass's freedom.

The US State Department still has Syria on its list of countries sponsoring terrorism, though it was pleased with Syria's decision to close down the Damascus offices of Abu Nidal in June. Last November, President Reagan, responding to a request by Mrs Thatcher, the British Prime Minister, imposed limited economic sanctions against Damascus and an ending of an air transport agreement between the two countries.

The administration is preparing to send at least eight reserve minesweepers to the Gulf to back up its naval force. The ships, built with wooden hulls, go back to the 1950s shortly after the Korean War, underlining America's lack of minesweeping capacity.

More Gulf news, Page 3

## Japanese resist work hours cut

BY IAN RODGER IN TOKYO

JAPANESE trade unionists are seeking an unlikely ally - US public opinion - in an unlikely cause: a campaign against a Japanese Government Bill to reduce the country's statutory 48-hour working week.

A half-page advertisement appeared in yesterday's New York Times urging Americans to protest against the Bill. According to the trade unions who sponsored the \$24,000 advertisement, the Bill's provisions could actually produce an increase in Japan's statutory working week.

They argue that Americans should be concerned about the Bill, because its provisions could cause Japanese industry to become even more competitive than it is now.

"We believe that long hours constitute one of the major causes behind the current trade imbalance between Japan and the US, and we fear that this new legislation may

well worsen the situation," the advertisement says.

It urges Americans to express their views on this issue "in your own way to the Japanese Embassy and through your own channels to the Government and the Diet of Japan."

The Bill, which is now before the Diet, would lower the statutory working week to 40 hours, but the unions claim that an exemption for small employers means that 85 per cent of the workforce would be unaffected.

Other provisions in the Bill would allow companies to introduce flexible working hours, which the unions fear would lengthen the working day without requiring employers to make overtime payments.

"We are by no means born-to-be workaholics. We are totally dissatisfied with the fact that we are deprived of pay and time for ourselves and our families which we believe we deserve," they say in the advertisement.

The campaign against the Bill is being led by Japan's newspaper trades union. An official of the union said yesterday that his members were particularly vulnerable to the proposed changes in the law because many small newspapers in Japan require employees to work very long hours.

Asked why the campaign was being carried to the US, he said the Japanese Government had been telling the US and other foreign governments that it was taking steps to reduce Japan's excessive working hours. The unions felt foreigners should be told that this was yet another deceptive move by the Japanese Government, as the advertisement puts it. They are hoping to raise enough money to put a similar advertisement in a British newspaper next month.

## UK hotels group expands in Europe

By Clay Harris in London

QUEENS MOAT Houses, the fast-growing UK hotels group, yesterday took another big step into continental Europe with an agreement to buy 24 hotels in West Germany, the Netherlands and Belgium for a total of £148m (\$240m).

The purchase of 16 Crest hotels from Bass, the brewing and leisure group, and eight Holiday Inn-managed hotels from Globana, owned by Mr Roland Sturm, a Munich lawyer, will give Queens Moat a total of 116 hotels with 11,730 rooms.

The group will have 36 per cent of its hotels and 43 per cent of its rooms outside the UK less than a year after its financial acquisition, of the Dutch Bilderberg hotels, last November.

The acquisitions will be financed through a £220m multiple option loan facility being arranged by National Westminster Bank. Queens Moat will draw funds in D-Marks and guilders to pay for the hotels, while using a £83m rights issue, also announced yesterday, to eliminate its sterling borrowings.

Queens Moat will pay £73.83m for the Globana hotels and £73.75m for the Crest hotels, an overall average of about £24,000 a room. This was well below the £75,000 to £80,000 which was being asked for comparable hotels in the UK, according to Mr John Baird, chairman.

The hotels being acquired added to operating profits of £14.2m in 1986, a decline from the previous year.

The Holiday Inn deal marks the first significant departure from Queens Moat's practice of snatching the tourist and luxury city centre markets for provincial commercial hotels with a heavy emphasis on business conferences.

This enabled it to avoid the worst of the tourism downturn in 1986, although this year's revival in independent visitors from the continent has provided an unexpected benefit for the group's UK hotels, Mr Baird said.

Seven of the eight Globana hotels are superior four-star facilities and will continue to be operated by Holiday Inn. The eighth will be combined with the former Crest hotels, which will be renamed Queens or Moat House. These three-star and four-star hotels are more comparable to the group's provincial hotels in Britain.

Bass said it was selling the 16 hotels as part of its strategy of moving up-market to four-star and five-star hotels.

## Hill Samuel names new chief

BY HUGO DIXON IN LONDON

HILL SAMUEL, the UK merchant banking group, yesterday appointed Mr David Davies, the former managing director of HongKong Land, as chief executive and executive vice-chairman.

The move was intended to restore credibility in the group following the surprise decision by Union Bank of Switzerland earlier this week not to bid for Hill Samuel.

Mr Davies replaces Mr Christopher Castleman, who resigned as Hill Samuel's chief executive last month in disagreement over the board's decision to enter discussions with UBS.

Sir Robert Clark, chairman of the group, said it was "not the easiest time to find a chief executive" and described Mr Davies as "somebody who was our heart's desire."

Mr Davies, 47, was widely credited with turning round HongKong Land, the British territory's largest property company, but he resigned last year after a disagreement over strategy.

He spent six years in the late 1960s and early 1970s working for Hill Samuel and after that was finance director for MEPC, the UK property company.

Since leaving HongKong Land, he has had various non-executive directorships in the UK and in the Far East, including one with Hill Samuel, but no executive position.

Mr Davies said last night that he had been given a "back to the wall" and had been given "a couple of rude shocks in the last six weeks" with the departure of Mr Castleman and the failure of the UBS bid.

Mr Davies, who was centrally involved in trying to negotiate the UBS deal, said he would now be looking at all the options available, but had not yet made up his mind which way the group should go.

He said there were three options: becoming bigger by linking up with a partner along the lines of the UBS plan; becoming smaller; and concentrating on Hill Samuel's more profitable businesses.

He said the fact that he had been out of banking for 14 years would not handicap his effectiveness as chief executive, since it was possible to see things more clearly from the outside. "There's a mystique about merchant banks, but it is just another business,"

## Swedish groups near deal

Continued from Page 1

prehensive geotechnical surveys. The complete project would include in later stages an extensive pipeline network, and could take at least seven years to complete.

ABV and Skanska were forced to issue a statement late on Wednesday evening on the negotiations with Saudi Arabia, following a sharp jump in their share prices amid strong stock market rumours that the contract had already been signed.

Skanska's free shares rose by SKr20 to a new peak of SKr240

on Wednesday and rose a further SKr7 yesterday.

The two Swedish groups have many years' experience of building oil storage caverns underground in the bedrock in Scandinavia, a technology that has been in use since the 1950s.

Negotiations have also taken place between the Saudis and the Swedish authorities, including Swedish civil defence agencies, on the provision of technical advice and the transfer of technology for the development of underground oil storage facilities.

## World Weather

Area	Temp	Wind	Cloud	Area	Temp	Wind	Cloud
Algeria	24	10	10	Madrid	24	10	10
Amman	24	10	10	Moscow	14	10	10
Baghdad	24	10	10	Paris	14	10	10
Bahia	24	10	10	Rome	14	10	10
Bombay	24	10	10	Stockholm	14	10	10
Buenos Aires	24	10	10	Tokyo	14	10	10
Calcutta	24	10	10	Washington	14	10	10
Cairo	24	10	10	Zurich	14	10	10
Chongqing	24	10	10				
Copenhagen	24	10	10				
Dakar	24	10	10				
Dhaka	24	10	10				
Hankow	24	10	10				
Hong Kong	24	10	10				
Kobe	24	10	10				
London	24	10	10				
Lyons	24	10	10				
Manila	24	10	10				
Medan	24	10	10				
Osaka	24	10	10				
Perth	24	10	10				
Rangoon	24	10	10				
Seoul	24	10	10				
Singapore	24	10	10				
Sourabaya	24	10	10				
Taipei	24	10	10				
Tientsin	24	10	10				
Yokohama	24	10	10				

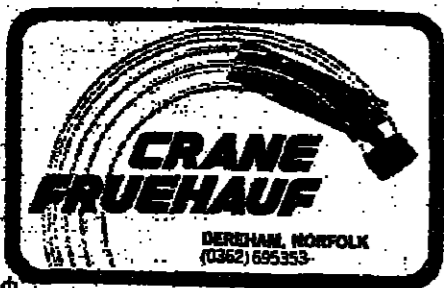
## The government will shortly revalue your premises.

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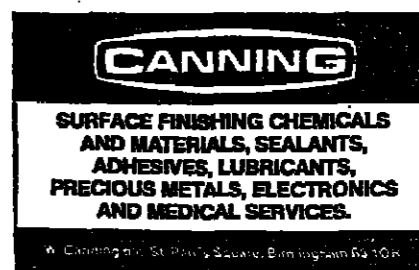
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# SECTION II - COMPANIES AND MARKETS

## FINANCIAL TIMES

Friday August 21 1987



### Plessey to consider end to quarterly reporting

BY DAVID THOMAS IN LONDON

PLESSEY, the UK electronics group, may discontinue quarterly reporting as a result of a decision by the New York Stock Exchange to relax listing requirements for foreign companies.

Plessey's move may prompt a number of other large British companies listed on the New York exchange to consider whether to continue with quarterly reporting.

The New York Stock Exchange was given permission by the Securities and Exchange Commission in June to list foreign companies provided they adhered to the rules of their home countries.

Until then, foreign companies listed on the New York exchange had to abide by its often stricter rules including quarterly reporting.

Plessey said yesterday it would be consulting with its advisers and the City of London generally about whether to discontinue quarterly reporting as a result of the decision.

Sir John Clark, Plessey chairman, said reporting quarterly, instead of every six months, was an unnecessary burden on the company and was highly misleading for a company like Plessey with a number of large contracts.

He described as the "most odious feature" of quarterly reporting the fact that it was "constantly creating unnecessarily a speculative market in the shares."

About a dozen other large British companies are listed on the New York exchange including Barclays, British Gas, British Petroleum, British Telecom, Glaxo, Hanson, Imperial Chemical Industries, National Westminster and Unilever.

However, some of the companies listed recently were given a three-year dispensation before having to report quarterly.

Plessey disclosed its move as it announced pre-tax profits down 18.7 per cent at £35.2m (£37m) on

sales down 11 per cent at £290.5m for the first quarter to the end of June.

It also unveiled a joint venture with Italtel, the Italian telecommunications equipment group. The two companies will collaborate in developing new private exchanges and will distribute products into each others' markets.

From October, Plessey will be distributing for Italtel in Britain a small private exchange and a digital key system, which are desktop exchanges for small businesses. Italtel will be distributing a Plessey digital key system in Italy.

Mr David Day, Plessey's managing director for telecommunications, explained that the aim was to fill gaps in each company's product range, as well as to expand each other's sales. Till now, Plessey has sold very few exchanges in Italy and Italtel has sold hardly any in Britain.

### Imperial 'offered C\$4.4bn' for Dome

By David Owen in Toronto

DETAILS of Exxon subsidiary Imperial Oil's unsuccessful April bid for Dome Petroleum, the beleaguered Canadian oil firm, emerged for the first time yesterday as part of the ongoing Bank of Montreal lawsuit against Dome and Amoco Canada.

In the transcript of an out-of-court examination by the bank, Mr Robert Peterson, an Imperial executive, said Imperial proposed to buy Dome for C\$4.4bn (US\$3.3bn) in cash or for a combination of cash and securities with a face value of up to C\$5.35bn.

In addition, Imperial proposed a variation on its all-cash offer, still valued at C\$4.4bn, under which Dome shareholders would have been offered Imperial stock, Mr Peterson said.

Dome selected Amoco's secret C\$3.3bn offer last April in preference to Imperial's bid, also made in secret - by Imperial and TransCanada Pipelines of Toronto.

Bank of Montreal, a major Dome creditor, has been seeking to reopen bidding for the beleaguered oil company by persuading the court to change certain conditions in the Dome-Amoco takeover pact which inhibit renewed offers.

The bank, owed about C\$800m, thinks it should get more from a takeover than the average of 88.5 per cent of their claims which Amoco has offered secured lenders.

Hearings on the case before the Alberta Court of Queen's Bench in Calgary were due to resume yesterday. On Wednesday, an appeals court judge dismissed the bank's claim that it was being unfairly treated in the suit.

### Harcourt puts magazine division up for sale

BY JAMES BUCHAN IN NEW YORK

HARCOURT BRACE Jovanovich, the US publishing house that recently repelled a takeover bid from Mr Robert Maxwell of the UK, has put its magazine publishing up for sale for an asking price of about \$400m.

Harcourt Brace, which adopted a costly and controversial recapitalisation plan in May rather than submit to a \$2bn bid for Mr Maxwell's British Printing and Communication confirmed yesterday that it was seeking buyers for the division, which is the largest US business magazine publisher in terms of its titles.

Mr Robert Edgell, chief executive and founder of the magazine business, said yesterday that First Bos-

ton, the Wall Street investment bank, was contacting buyers. "They're talking to people in Europe, including the UK," he said.

The Cleveland-based division publishes 107 small but profitable magazines such as Hotel & Motel Management, Video Store and Physician's Management. The company did not have available sales and earnings figures for the division.

The sale of the magazine titles, which Harcourt Brace bought into in 1968, was yesterday seized on by critics of Mr William Jovanovich, the group's hard-fighting chief executive.

These critics claim he is having to dismantle the company to pay off the nearly \$2bn in extra debt taken

on to pay a special cash dividend as part of the "scorched-earth" recapitalisation.

Harcourt Brace, which has a strong textbook and general publishing business, last week reported an after-tax loss of \$70.5m on revenues of \$408.7m in the June quarter. The loss was mainly caused by large once-and-for-all fees to professionals employed on the recapitalisation, but there was also a ballooning of interest costs.

But Mr Kendrick Noble, a well-regarded publishing analyst at Paine Webber, said the sale of the magazine publishing was "no surprise whatsoever" and that the recapitalisation, though risky, could still succeed.

### Fertilizer flotation for US group

By James Buchan in New York

INTERNATIONAL Minerals & Chemicals, the diversified US farm chemicals company, is to sell a large part of its fertiliser business to the public in an effort to move its business base away from its heavy dependence on the US farm economy.

Mr George Kennedy, chief executive of the Northbrook, Illinois company, said that International Minerals would retain an interest in the fertiliser business, which is the largest in the US.

In the year to June, the fertiliser division contributed over half of International Minerals' sales of \$1.64bn, from which the company made net income of \$21.4m. Fertiliser sales have picked up a little this year after falling steadily for the past two years.

Analysts believe that the division might be worth as much as \$850m. The company began a restructuring of its business last year.

### Troubled Norwegian state arms group edges closer to collapse

BY KEVIN DONE IN STOCKHOLM

KONGSBERG Vapenfabrikk, the embattled Norwegian state-owned arms manufacturer, slipped closer towards financial collapse yesterday, when the board refused to accept the report and accounts prepared by the management for the first six months. The group was forced at the last minute to cancel a press conference called for yesterday afternoon to announce the figures following the dramatic intervention by the Kongsberg board.

The board said in a statement that there were "such substantial deviations in a negative direction from the budget, that it is necessary to make a more exhaustive examination" of the figures.

Kongsberg is already in deep financial difficulties following years of heavy losses and was forced to seek protection from its creditors two months ago.

The Norwegian Government has been seeking to rescue the defence activities of the group, which temporarily are functioning under a new operating company, Norwegian Defence Technology, during the current composition proceedings.

The latest plunge in the group's fortunes appears to have arisen from a new and much lower valuation of assets including stocks and work in progress. The company has been forced to prepare a complete

statement of its financial state as of June 12, when the composition proceedings began.

Kongsberg's future is also threatened by a looming US embargo of its products following revelations about its role in breaking restrictions on the export of high technology to the US.

It emerged earlier this year that Kongsberg along with the machine tool subsidiary of Toshiba of Japan had illegally sold sophisticated milling equipment to the Soviet Union.

Earlier this week the US Defence Department sent a memo to defence institutions ordering them not to place further orders with Kongsberg and Toshiba.

### Pace of Firestone advance slows

BY OUR FINANCIAL STAFF

FIRESTONE, the third largest US tyre maker, continued strongly in the third quarter to July, although at a pace slightly reduced from earlier in the year, with net operating profits ahead 56.5 per cent to \$36m against \$23m, or \$1.02 per share compared with 61 cents.

Revenues rose from \$209m to touch the \$1bn mark, a level not seen since October 1985 when Fire-

stone implemented a closures programme to cut excess capacity.

For the nine months net earnings almost doubled to \$84m from \$43m. On a per-share basis the result was \$2.27 against \$1.10m, also reflecting a \$115m share buy-back campaign which over the past year has reduced the number of shares in issue by about 8.5 per cent.

Sales at \$2.6bn were up by \$300m,

benefiting from a currently strong market.

Tax credits provided an additional \$10m in the latest three months and \$12m for the year so far, while operations discontinued earlier in 1987 contributed a further \$20m to the nine-month result - the same period last year showed \$76m in extraordinary gains.

### Buehrmann profits may top Fl 120m

BY OUR FINANCIAL STAFF

BUEHRMANN-TETTERODE, the Dutch paper, packaging and publishing group, expects profits this year to show an increase following a strong performance over the first six months of 1987.

The company, which turned in total profits of Fl 93m (\$44.9m) after tax last year, says net earnings for 1987 as a whole could well top Fl 120m due to strong sales volume,

notably by its capital goods division.

For the first half, group net sales rose almost 14 per cent to Fl 1.78bn and operating profits improved 16 per cent to Fl 101.8m. Tax ratios narrowed and financing costs fell with the result that net profits for the six months emerged a full 44 per cent higher at Fl 46.8m.

Buehrmann still has problem

areas, notably in consumer goods. The company expects some recovery in this division for the full year, however.

● Nedlloyd, the shipping group, has slipped into the red for the first half of 1987, returning a net loss of Fl 56m, against profits a year ago of Fl 21.7m. First-half turnover increased to Fl 2.23bn from Fl 2.04bn.

### Japanese study pulp mill plan

By Robert Gibbons in Montreal

DAISHOWA PAPER, of Japan, already a major investor in British Columbia, is studying the feasibility of a new bleached kraft pulp mill in the Peace River area about 250 miles north-west of Edmonton, the location of some of Canada's most valuable remaining timber reserves.

The Federal and Alberta governments, anxious to help diversify the province's oil and gas based economy, are sharing the costs of the studies. Government officials say the mill could have up to 350,000 tonnes capacity and the cost could be nearly C\$600m (US\$451m).

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

18th August, 1987



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July 1987

## INTERNATIONAL COMPANIES and FINANCE

Kevin Hamlin on the local Chinese community's booming interest in investment in unit trusts

## Hong Kong investors learn to watch out for bears

MR TERENCE YEUNG Wang, graphic designer, remained calm when he learned recently that he was to be made redundant. In anticipation of a large severance payment, he began feverishly snipping unit trust advertisements from local newspapers.

Redundancy is unusual in booming Hong Kong, but Mr Yeung is one of a growing number of local Chinese people who are showing renewed interest in unit trusts. The interest follows a long period of reticence caused by unscrupulous operations which fished many locals during the 1980s.

The Wyatt company, an independent firm of actuaries, says that best guesses indicate the local unit trust industry has grown from about 80 locally authorised funds, with assets of US\$1bn in 1979, to the current 242 authorised funds with assets in the region of US\$12bn. Mr Graham Scott, director, estimates that locals hold US\$1bn to US\$1.5bn of that.

Mr Dudley Howard, a manager at Jardine Fleming, says that in 1986 his company had unit trusts holding assets of US\$524m, and only nine local Chinese unit holders. At the end of 1986, following an aggressive promotional campaign, Jardine Fleming had 288 investors from the Chinese community, and US\$1.9bn in assets under management.

The bull run on world stock markets... has enabled a lot of people to make "killings" from unit trust investments

out 500 new Chinese investors, and in the most recent month there were 2,000 local Chinese buyers. As a result, the company plans a street-level shop to sell unit trusts to an increasingly hungry local market.

Mr Duncan Mount, managing director of Gartmore, says his company budgeted for US\$200,000 a week in new money this year, and was astonished to find that the Gartmore-managed trust alone has attracted between US\$1m and US\$5m a week this year. Mr Mount says 80 to 90 per cent of new business is from local Chinese. Mr Peter Pearson, managing director of

Fidelity International in Hong Kong, says money invested by local Chinese in Fidelity's products has as much as quadrupled this year. "The resistance has now been broken down," he says. Mr Pearson reckons there could be 500 unit trusts authorised by 1989, holding total assets of HK\$25bn.

Local investors' interest has been sparked by increased wealth brought about by Hong Kong's remarkable economic growth, and by the bull run on world stock markets, which has enabled a lot of people to make "killings" from their unit trust investments during the past three years.

Says Mr Pearson: "People are making money, and they are starting to talk. We are getting to that speculative stage where people on the street are getting involved." Referring to earlier stock market collapses, he adds: "This time around they don't want to lose all their money in one hit, and so they are coming to the professionals."

Mr Richard Chenevix-Trench, a director at Baring International, says locals now treat the management of their investments much more seriously. Previously "they simply rang up their broker and had a punt on something. It was completely irrational gambling, not

investment," he says. Enormous growth in the unit trust industry there definitely has been, but Mr Pearson and Mr Howard agree that so far only the tip of the iceberg is showing.

Mr Pearson estimates that locals hold an average of less than one quarter of one per cent of their personal financial assets in unit trusts, compared with 11 per cent in the US, and 3 per cent in the UK. Mr Howard says that if the American example is followed, his estimated 25,000 local unit holders could grow to reach 750,000 by 1997.

Fund managers have been scrambling to meet the upturn in local demand, and there are now 100 unit trusts waiting for local authorisation according to Mr Derek Murphy, acting commissioner of securities. Just over a year ago unit trust advertisements were a distinct rarity in the local press, but today they regularly leap out at readers boasting mammoth growths in net asset values.

Some fund managers are alarmed by this trend. Says Mr Mount: "The big expectation on the part of new unit holders is probably not healthy." Despite that, most fund managers are confident the

local industry can survive the ravages of a bear market. "It will set us back, sure, but the most important thing is to have bear market products. We could very easily, even in

Interest from the man in the street is historically a classic signal that bear markets are just around the corner

a bear market, expand that quarter of a per cent to about 1 per cent," says Mr Pearson. Meanwhile, more fund management companies are establishing a presence in Hong Kong because of its attractive status as an offshore fund centre. There are now 58 investment groups in Hong Kong, but Mr Pearson feels there is room for at least another 50.

Hong Kong's growth as an offshore fund centre is mainly due to the fact that other regional financial centres are "hopelessly enmeshed in red tape," according to Mr Pearson. Japan's unit trust industry has seen rapid growth in recent

years, but it is mainly a domestic affair with massive restrictions on foreign operations.

Mr Pearson says the Singapore Government has demonstrated "inexplicable stubbornness in relation to tax matters" which has "severely impeded the growth of a viable unit trust industry within the republic."

Hong Kong has virtually no revenue-related charges imposed by the Inland Revenue department on unit trusts. Local fund managers acknowledge that interest from the man in the street is historically a classic signal that bear markets are just around the corner. While many complex arguments showing that this bull run differs from earlier ones are put forward, fund managers feel in any case that the local Chinese community can cope if stock markets crash. It remains to be seen whether Mr Yeung will be among the praises of Hong Kong fund managers in a year's time. His success, or failure, will hinge a good deal on the vagaries of world stock markets. What is certain is that he stands a far better chance of holding on to his windfall gain with the help of professional fund managers.

**The Kingdom of Denmark**  
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For the six months 19th August, 1987 to 19th February, 1988 the Notes will carry an interest rate of 7 3/4% per annum with a coupon amount of U.S. \$376.94 per U.S. \$10,000 Note, and U.S. \$9,423.61 per U.S. \$250,000 Note, payable on 19th February, 1988.

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In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from (and including) 19th August, 1987 to (but excluding) 19th November, 1987, the Notes will carry a rate of interest of 10 1/4% per cent, per annum. The relevant interest payment date will be 19th November, 1987. The Coupon Amount per £10,000 will be £229.93, payable against surrender of Coupon No: 7

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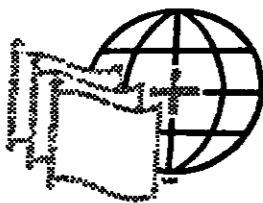
**Halifax Building Society**  
Floating Rate Loan Notes 1996

For the three month period from 20th August, 1987 to 20th November, 1987 the Notes will bear interest at the rate of 10 1/4% per cent, per annum. The Coupon amounts will be £130.75 per £5,000 Note and £1,307.53 per £50,000 Note, payable on 20th November, 1987.

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Price \$10 Per Share

All of these securities having been sold, this announcement appears as a matter of record only.

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Edward A. Viner &amp; Co., Inc.

July 1987

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## Engelhard to sell overseas refining and dealing units

ENGELHARD of the US is to sell Engelhard Pty, its Melbourne refining and metallurgical operation, and its Hong Kong precious metals dealing business Engelhard Metals, to New York-based Deak International, Renter reports from Sydney.

Engelhard did not reveal the terms of the sale, but said it would retain rights to distribute Engelhard products in Asia. It would also keep ownership of Engelhard Australia Pty, a supplier of fabricated metallurgical and catalyst products in Australia and New Zealand.

The decision to sell the operation in Australia was in line with the company's long-range plan to build manufacturing

facilities closer to its major customer bases, Engelhard said.

It said it was investigating construction of a plant in Southeast Asia to better serve customers in the region.

© Jardine Corporation, a New Zealand stock brokerage, said yesterday it plans to merge with Deak Morgan, an Australian investment concern, and Jardine Europe, a Luxembourg investment company, AP-JI adds from Sydney.

It said the new company will have a combined stock market capitalisation of US\$500m.

The company also said Deak would establish a new wholly-owned entity in Hong Kong, named Deak International,

## Wing Lung Bank shows 14% rise at halfway stage

By Our Hong Kong Correspondent

WING LUNG BANK, one of Hong Kong's oldest financial concerns, registered a consolidated profit, after tax and transfers to inner reserves, up 14 per cent to HK\$58.49m (\$7.49m) for the half year to the end of June.

Mr Ivan Wu, executive director and general manager, said lending had increased by "less than 20 per cent" during the period.

The bank's wholly-owned insurance subsidiary, Wing Lung Insurance, began business in mid-July.

Wing Lung declared an interim dividend of HK\$0.55 per share.

These securities having been sold, this announcement appears as a matter of record only.

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Payment of principal and interest has been guaranteed pursuant to an instrument dated July 31, 1987 by General Electric Credit Corporation, 280 Long Ridge Road, Stamford, Connecticut 06902

Payments under the guaranty are conditioned upon receipt by the guarantor of prior written notice from Manufacturers Hanover Limited, London, the "Fiscal and Paying Agent", or the holder of any Note that a payment under the guaranty is due. Copies of the guaranty are available for inspection at the office of the Fiscal and Paying Agent, 7 Princes Street, London EC2P 2EN.

August 21, 1987



## UK COMPANY NEWS

PROFITS UP A QUARTER DESPITE SHARP DOWNTURN FROM CRYSTAL

## Wedgwood boost for Waterford

BY TERRY POVEY

Waterford Glass yesterday unveiled a one quarter increase in interim profits thanks to a strong contribution from Wedgwood, the china company acquired last November.

However, the Irish company's traditional crystal business suffered a major rationalisation plan will be announced next month.

Pre-tax profits for the six months to June were £12.08m (£10.84m) compared with £9.53m in 1986—during which period there was no contribution from Wedgwood.

Mr Anthony Brophy, group finance director, said that crystal, which produced £2.1m (compared with £7.7m in 1986) on sales down £13.3m at £33.8m, had been hit very heavily by the impact of the weak dollar on the level of spending by US tourists in Europe.

In Eire, US tourist numbers were up an eighth but spending was only just over half last year's level he said—resulting in a drop of domestic crystal sales from 20 per cent to 5 or 6 per cent of the total.

Faced with this sharp fall in demand, Waterford has announced plans for 750 redundancies among its 3,000 Irish workforces—and half-time working for most of the rest.

No provisions for the costs of this rationalisation, which could see production volumes cut by 20 per cent and the wage bill by 60 per cent, have been included in these figures.

The basis of average wage rates, independent estimates of the cost cutting bill range around £15m. Waterford also plans to invest £18m to modernise its crystal production facilities.

A business plan with the details of the workforce reduction scheme will be presented to trade unions in mid-September. At this time the unions may



Paddy Hayes, chairman of Waterford Glass

SIX MONTHS TO JUNE 30		1987	1986
		£'000	£'000
Sales		32,008	46,087
Crystal		29,518	4,375
China		7,538	3,812
Other		131,257	54,300
Profit pre-interest		2,072	7,711
Crystal		11,707	1,164
China		1,379	390
Other		15,158	9,245
Net interest		3,129	767
Pre-tax profit		12,029	9,532
Tax		720	240
Net profit		7,546	8,562
Extraordinary items		nil	1570
Interim dividend		4,950	2,444
Retained		2,596	3,148
* Income, † Debit			

present alternative proposals following a consultant's report which they have commissioned and may even take industrial action.

As well as a sharp fall in sales, crystal stocks have also risen sharply—many retailers were overstocked and did not reorder in large quantities for this year say analysts.

Inventory levels have risen to over £60m—although almost all of this is saleable, Mr Brophy said.

In contrast, acquisition Wedgwood was a star performer recording operating profits up almost 30 per cent to £11m. The china division, which included the smaller Aynsley company's 40 per cent lower contribution of £550,000, produced £11.7m—just over three-quarters of

the group's operating total of £15.16m (£9.27m).

Wedgwood, described as a "timely and rewarding" purchase in the statement accompanying these results, is showing the benefits of rationalisations provided for last year said Mr Brophy. The china operation is also far less dependent on the dollar or US tourist spending than crystal and experienced a good increase in sales in Japan and the Far East, he added.

Other activities, including the new solid sanitaryware activities, contributed £1.38m (£390,000). Sanitaryware, which contributed just over £1m, was sold for almost £28m in July. This sharply reduced gearing from the June 30 level of 97 per cent to 67 per cent said Mr

Brophy. Other disposals, possibly totalling as much as £60m, are expected by analysts over the next year.

The pre-tax total was after net interest paid of £3.13m (against an income of £287,000). Taxation, sharply up due to Wedgwood's higher charge, took £4.48m (£970,000) leaving attributable profits of £7.55m (£3,58m).

Earnings per share on the almost doubled weighted average capital were 1.53p (3.97p) and the unchanged interim dividend of 1.2p (1.1p) consumed £4.95m.

Timely indeed. Without the Wedgwood acquisition these figures could have had a shattering impact on Waterford Glass and its prospects for smoothly carrying out the clearly much needed rationalisation at home would have been bleak indeed. Instead in one of yesterday's rare bouts of generosity, a jittery market took the recovery back and the shares rose 10p.

However, until the deal with the unions is delivered it is impossible to forecast just when Waterford will begin to produce crystalline figures enough to persuade US tourists to lug it back home.

Further, a better international marketing and pricing strategy—Wedgwood has a thing or three to teach here—will be needed alongside the cost reduction programme if profitability is truly to be rebuilt and the inventory run down to more manageable proportions. Before redundancy costs this year's pre-tax total should reach £127m, which could, if all goes well, be sharply improved on in 1988. Nevertheless, on a p/e of 29, the shares should be held on the mantelpiece and admired from a distance for the time being.

## Tranwood stake for Swiss group

By Nikki Tait

Tranwood, financial services and hospitality group headed by Mr Nick Oppenheim, yesterday announced a link with SASEA, Geneva-based group, which it hopes will enable it to move into the trans-European stockbroking and merger and acquisitions business.

SASEA is former agricultural holding company which has been built into a financial services business during the past two years. It has bought 5m shares in Tranwood, including 0.5m from Mr Oppenheim, a similar number from Mr Peter Earl, also a Tranwood director, and the remainder through the market. That gives it a 6.1 per cent stake, a level it expects to retain.

Mr Bob Hanks-Driesma of SASEA will join the Tranwood board.

The two companies see scope for expanding their links into the UK and Europe respectively. SASEA, which has a market capitalisation of Swf 443m, takes in broking and merchant banking interests in Amsterdam; a merchant banking-style operation in Milan and a financial business in Switzerland. It is also looking to expand into Spain.

Its main specialty has been corporate reconstruction work, buying companies, taking them private, reorganising and then refloating, often retaining a stake. During the past two years, according to Mr Hanks-Driesma, it has done about seven major deals.

Tranwood, meanwhile, boosted its financial services operations when it acquired minority stake in the fast-growing mini-merchant bank and de-merger specialist, and Ariel, agency stockbroker in June. Yesterday, Tranwood shares closed 19p lower at 434p. SASEA purchased the shares from Mr Earl and Mr Oppenheim at 45p.

## Ruberoid £6m Dutch purchase

Ruberoid, the roofing materials group, announced yesterday that it is expanding its European interests by the purchase of a 75 per cent interest in Netherlands-based Nibprofa Group for around £6.2m cash.

Nibprofa operates in three areas: the manufacture and sale of bituminous roofing membranes, tar-based coating products and insulation materials. In the year to March, it made a pre-tax profit of £2m (excluding exceptional income) on sales of £27m. The consideration will include the settlement of intercompany loan notes and compares with estimated net asset value of £5.7m. The deal should be completed in about three weeks.

## Mercantile/Globe

BRITISH and Commonwealth Holdings has received an irrevocable commitment from Globe Investment Trust to exercise its right to convert its total holding of Mercantile House preference into ordinary and to accept the B and C offer in respect of the 8.9m shares arising on such a conversion. The commitment was subject to receipt by Globe of the dividend due on its Mercantile preference.

Globe is accepting the B and C offer in respect of its holding of 1.9m Mercantile ordinary. The shareholdings represent 12.4 per cent in aggregate.

**Findhorn Finance**  
Findhorn Finance, engaged in the business of whisky stock financing, reduced pre-tax losses from £326,780 to £218,988 over the first six months of 1987. Turnover rose from £232,680 to £449,578.

The directors said full provision had been made for interest accrued during the period amounting to £231,438 but that payment of bank interest had been deferred by agreement with the bank and payment of loan stock interest had been deferred in accordance with resolutions passed at the July meetings of loan stock holders.

## US move for City and Foreign

BY NIKKI TAIT

City and Foreign, the former investment trust which is being turned into a services group under the chairmanship of Lord Stevens, is poised to make a major move into the US with the acquisition of Alexander Proudfoot Holdings, a Florida-based management consultancy business.

With its shares suspended yesterday morning at 245p, City and Foreign announced that it had reached agreement on the deal. However, it refused to comment on the purchase price, saying that the announcement had been made earlier than it would have wished so that the 100 partners of Proudfoot could be informed.

A circular is likely to go to shareholders by early October and the deal be finalised by November.

Proudfoot, a 30-year-old company owned by its partners and employing 1,000 people throughout the world, is based in West Palm Beach and specialises in designing and installing systems to improve

industrial and services operations. City and Foreign says only that the acquisition would be "very substantial." Proudfoot's sales, however, are thought to be in the \$100m-plus league.

Under the deal, senior management at Proudfoot will join the City and Foreign board and the US company will adopt the US name to reflect its principal source of earnings. Lord Stevens, however, looks likely to remain chairman, and the MCM clients who currently account for one-fifth of City's share—will probably retain their holding. Financing of

acquisition seems set take the form of a vendor placing.

City and Foreign, formerly managed by Montagu Investment Management, saw off a bid from Harvard Securities last year. In December, however, it relinquished its investment trust status to become a broadly-based service business. In January, it bought Language School Holdings for £8m and, last month, a couple of debt collecting agencies and a document microfilming business for £5.2m. City and Foreign is currently capitalised at around £38.5m.

Under a revision of the Takeover Code, which took effect in February, any change in holding by a party which owns 1 per cent or more of a company facing a possible takeover bid must be disclosed.

Dominion shares fell 4p to 112p yesterday, compared with the 15p which was paid for its shares on July 29.

Mr Peter Webster, treasurer of A&M and secretary of UCL, said that neither company had been involved in talks with Dominion. He said he did not know the beneficial owners of 56.

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## Bidders line up for Guinness retail interests

By Lisa Wood

BIDS ARE now finally in for Guinness' retail interests, including Martin the Newsagent and Gordon Drummond Pharmacies.

Lazards, which has been advising Guinness on the sale, closed the auction on Wednesday and will shortly begin talks with the bidders.

Schmidheiny, one of Switzerland's richest families through its Distal Swiss chain of newsagents, is believed to be a late entrant into the protracted four-month auction which has provoked interest from a large number of retailers.

The handful of serious bidders include a management buy-out offer from the Martin management, which has been assisted by Warburgs, the merchant bank. Its offer is believed to be about £200m. Other interested parties include Mr Arundhati Patel, who in March bought Finlays from Hanson Trust.

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## GENBEL INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 06/32378/06)

UNAUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 1987

- ★ Dividends up by 44 per cent
- ★ Share price related to net asset value
- ★ Value of offshore investments up by R51 million
- ★ Net asset value exceeds R2 billion

Year ended 30 June		1987	1986
		(R'000's)	(R'000's)
INCOME STATEMENT			
Income from investments		100,709	92,001
Expenses		3,477	3,514
Amortisation		4,562	(485)
Tax		1,718	94
Preference dividend		94	407
Earnings after tax and preference dividend		94,422	88,147
Surplus on investment transactions after tax		19,755	15,737
OFFSHORE			
Net income (note 2)		30,490	(10,802)
Attributable income		145,667	90,082
Ordinary dividends		94,613	65,501

BALANCE SHEET		1987	1986
		(R'000's)	(R'000's)
Ordinary Shareholders' interest		237,452	185,400
Redeemable preference shares		1,746	1,578
Deferred tax		230,198	283,276
Investments		258,703	204,497

Market value:	2,069,031	1,413,425
Land, buildings and mineral rights	288	857
Net current liabilities	(27,673)	(10,651)
OFFSHORE		
Net investments (note 2)	27,903	(6,232)
Market value:	46,637	(2,562)
Net assets	283,706	188,276

Per share (cents)		1987	1986
Net Asset Value		6,181	4,140
Attributable income		431	271
Earnings before sharedealing profits		282	237
Dividends		280	196

NOTES:

- As announced in a press release on 13 November 1986 the directors have decided that:
  - no additional provisions for amortisation of mining investments will be made after 30 June 1986.
  - the new dividend policy is to distribute net profits after tax but before sharedealing profits in full.

- Offshore investments have been shown as net amounts in the income statement and balance sheet. The offshore operation has liabilities of DM 100 million of which DM 70 million have been converted into US dollars with forward cover to maturity. Sufficient assets are held in DM and US dollars to cover the liabilities.

The 1987 annual financial statements will be posted to shareholders on or about 25 September 1987.

Final Dividend declared on 20 August 1987—Payable on 1 October 1987

Amount per share 180 cents—Currency conversion 21 September 1987

Copies of the full unaudited financial results and dividend declaration may be obtained from the London Office, 30 Ely Place, London EC1N 6UA

## GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	div.(p)	%	P/E
206	133	Ass. Brit. Ind. Ordinary	203	—	7.3	3.8	12.4
206	148	Art. Ind. C.O.S.	222	—	10.0	4.9	6.0
40	34	Armstrong & Shanks	38	—	4.2	10.8	5.8
143	67	BBB Design Group (USM)	105ad	—	2.1	2.0	16.7
168	108	Borden Group	117	—	4.2	10.8	5.8
175	95	Bry Technology	175ad	—	4.7	2.7	14.0
291	130	CCL Group Ordinary	281	—	11.5	4.4	6.7
542	251	CCL Group 7 1/2% Pref.	541	—	11.5	4.4	6.7
170	125	Carburendum Ordinary	170	—	6.4	3.1	14.8
99	31	Carburendum 7 1/2% Pref.	99	—	10.7	10.8	5.8
125	67	Chemical Bank	125ad	—	3.7	3.0	3.2
143	119	Isla Group	120	—	—	—	—
78	59	Jackman Group	78	—	3.4	4.5	6.3
443	321	James Burroughs	442	—	4.2	3.1	10.9
97	55	James Burroughs 6 1/2% Pref.	97	—	12.8	12.3	—
780	500	Multihouse NV (AmstSE)	800	—	—	—	—
542	251	Recess Highway	542	—	1.1	1.1	19.6
96	63	Record Highway 10 1/2% Pref.	96	—	14.1	16.4	—
91	74	Robert Jenkins	74	—	—	—	3.3
218	141	Tony and Carlie	124ad	—	6.6	3.0	10.6
42	32	Trevan Holdings	42ad	—	7.9	10.8	0.9
131	73	Unilink Holdings (SE)	107ad	—	2.8	2.8	19.7
221	118	Winer Alexander	221	—	5.3	5.3	6.4
196	130	W. S. Yeates	196	—	17.4	8.9	19.5
178	98	West Yorks. Ind. Hosp. (USM)	132	—	5.5	4.2	14.0

Granville & Co. Limited  
8 Lovat Lane, London EC3R 8BP  
Telephone 01-621 1212  
Member of FIMBA

Granville Davies Coleman Limited  
27 Lovat Lane, London EC3R 8BT  
Telephone 01-621 1212  
Member of the Stock Exchange

## Dowty in £7m acquisition to expand battery side

BY STEVEN BUTLER

Dowty engineering group is expanding its specialist battery businesses with the £6.5m acquisition announced yesterday of Venture Technology.

Venture Technology is the result of a management buy-out five years ago of the research and development facilities of Ever Ready, the UK battery company that is part of Hanson Trust. Its technologies include lithium manganese dioxide and lithium sulphur dioxide batteries.

Venture also manufactures customised mercury cadmium batteries used largely in defence equipment applications, and is a prime contractor in the supply of automated assembly equipment mainly in the field of battery technology.

Mr Reg Moore, Dowty's finance director, said Venture would benefit by Dowty's contacts in the defence field. There were no immediate plans to inject new capital into the operation, which Mr Moore said was growing rapidly on its own.

The purchase is to be satisfied by cash payments amounting to £4.5m, plus new Dowty shares worth £1.8m and £0.8m in loan notes. Venture Technology had pre-tax profits of £0.5m in 1986, with net tangible assets at the year end of £1.1m.

Venture Technology is to operate as part of Dowty's electronic systems division. Dowty's battery division is currently Europe's largest manufacturer of water activated batteries.

## United Spring in £6m deal with Quadrex subsidiary

BY STEVEN BUTLER

United Spring and Steel Group yesterday announced the sale for £5.96m of Bosc Steel, the cold reduced steel stockholder and processor, to Harvill, a subsidiary of the Quadrex Group.

Mr Gary Klesh, owner of the privately held Quadrex Group, said the acquisition was part of a broader effort to develop a steel-servicing business, and would be followed by further acquisitions in the field.

Quadrex is currently involved in a £280m deal with British and Commonwealth Holdings to acquire parts of Mercantile House.

Mr David Prior, formerly in charge of British Steel's service centres, has recently joined Quadrex and will be running the operation. Harvill is currently a shell company.

Mr Brian Fenwick-Smith, United Spring & Steel chairman, said the group had tried previously to dispose of Bosc Steel which has lagged behind the strong recovery of the group in recent years.

In the year to September 1986 Bosc showed trading profits of £381,000 on a turnover of £20m.

The sale takes place at a large premium of the book value of the assets, which are £600,000, and will result in an increase to the group's net assets by £1.7m. Bosc's external debt of £352,000 will also be eliminated.

## UK COMPANY NEWS

## Textile rental side boosts Johnson Cleaners profits

A STRONG performance from its textile rental operations boosted the UK businesses of Johnson Group Cleaners in the half year ended June 27, and the pre-tax result for the period moved 28 per cent ahead to £5.16m against £4.01m.

Turnover for the group, a Merseyside-based dry cleaning and textile rental concern, improved by nearly 12 per cent to £49.09m (£48.95m). Trading profits rose from £5.15m to £5.1m.

The directors are lifting the interim dividend from an adjusted 3.5p to 4.3p partly to reduce disparity. The total for the year December 27, 1986 amounted to 16.1p, adjusted for the three-for-seven scrip issue in April.

Mr Philip Bolom, chairman, said the US companies had performed well but their contribution to the group's improved

performance had been partly offset by a further weakening of the dollar.

Net interest payable for the period fell to £939,000 (£1.14m) and after tax of £1.77m (£1.5m) earnings per share rose to 18.01p (14.45p). There was an extraordinary credit of £984,000 (£584,000) in respect of net surpluses on property sales.

## ● COMMENT

Johnson merits a small price for the originality of its reasoning for a flat performance from its UK dry cleaning operations: apparently, the calling of a general election in May caused a downturn in activity as the manufacturers' elections staved off unnecessary spending on cleanliness for fear of an increase in taxes under a Labour government. More convincing is the

weather factor, for Johnson benefits more from changing conditions than from the long periods of dreary cloud and rain which characterised the British climate for most of the early part of the year. Still, there was growth enough from the UK textile rental and US dry cleaning operations to make up for weakness elsewhere, partly through increased sales and partly through work on the margins, and the recent spate of acquisitions contributed perhaps a third of pre-tax profits growth. At this rate the full year, boosted by a first contribution from the substantial Prides Cleaners acquisition, must be set for around £11m pre-tax.

The shares bucked yesterday's fall in the market to put on 7p to 530p, at which level they look sensibly rated on a prospective price/earnings multiple of 14.

## Sharp rise in profits continues at Ward Hldgs.

Ward Holdings, Chatham-based housebuilder, followed last year's substantial rise in taxable profits with a similar sharp increase in the six months to April 30 1987. On turnover up from £12.21m at £20.48m profits more than doubled from £2.23m to £5.3m.

Mr Denis Ward, chairman, announced a proposed three-for-one scrip issue and declared an interim dividend payment of 2p compared with 1.75p last time. Earnings per share rose from 11.5p to 27.1p or, allowing for the imminent scrip issue, from 2.8p to 6.8p.

In the year to October 31 1986 Ward posted profits from £4.67m to £9.97m. Mr Ward said that there had been no recurrence of last year's extreme weather conditions which had adversely affected the previous half year's results. The winter weather had meant that minimal work had been carried out during the first three months of 1986 and profits had declined from £2.52m to £2.23m.

The market remained buoyant, he added, and the group's results for the full year would show a satisfactory improvement.

Tax charges for the period rose from £758,000 to £1.64m.

## Interest charge reduction boosts Gaskell profits

A cut of £50,000 in interest charges was the principal contributing factor to a rise in taxable profits from £559,000 to £625,000 for Gaskell Broadloom, Lancashire-based manufacturer and distributor of carpet underlays, floorcoverings and other non-woven products, in the six months to June 30 1987.

The directors declared a 10 per cent rise in the interim dividend from 2p to 2.2p and earnings per share moved ahead from 7.7p to 8.5p.

The tax charge fell from £225,000 to £219,000.

DOBSON PARK Industries—Of the 20.87m Dobson Park provisionally allotted ordinary shares 17.78m (approximately 85.2 per cent) were taken up. The balance, subscribed by institutional investors.

PORTER CHADBURN: It is proposed that each ordinary 20p share be subdivided into four ordinary shares of 5p each.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total dividend for last year	Total dividend for this year
Aerospace Eng	1.56	Oct 2	1.3*	3.12	2.4*
Cable's (Holdings) Int	1	Oct 2	0.71*	—	2*
T. Clark	0.84	Oct 2	0.71*	—	2*
Gaskell Broadloom Int	2.2	Oct 21	2	—	6*
Samuel Heath	16.5	—	15*	16.5	15*
Hodgson Hldgs	1	Sept 29	—	—	1.13
Johnson Cleaners	4.3**	Oct 2	3.5*	—	16.1*
Microvitec	0.5	Oct 5	0.5	—	1.25
Pres. Entertainment Int	0.85	Nov 27	0.75	—	2
Queens Moat	0.9	—	0.75*	—	1.6*
Task Force	1	Oct 16	—	—	1.18
Ward Holdings	2	Oct 2	1.75	—	8.27
Waterford Glass	1.2***	Oct 30	1.2	—	2.88

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. On capital increased by rights and/or acquisition issues. † US\$ stock. ‡ Unquoted stock. § Third market. ¶ Total of 1.8p forecast. \*\* Partly to reduce disparity. \*\*\* Irish currency.

## SANYO ELECTRIC CO., LTD.

Curacao Depositary Receipts of ordinary shares

The undersigned, acting as duly authorized Agent of Caruth Administration Company N.V., announces that the above-mentioned company has made an interim dividend distribution of Yen 4 per share in cash for the financial year ending 30th November, 1987. Effective 21st August, 1987, this dividend will be payable, after deduction of 20% Japanese tax, on the talons of the depositary receipts as follows:

\$ 10.50 per CDR of 10 depositary shares of 50 ord. shares  
\$ 21.00 per CDR of 20 depositary shares of 50 ord. shares  
\$ 105.00 per CDR of 100 depositary shares of 50 ord. shares

Residents of countries which have concluded a tax treaty with Japan, may, only afterwards, claim a 5% tax refund in Japan.

The talons may be presented in:

LONDON to The Sumitomo Bank Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TP.  
HAMBURG to Bank Mees & Hope NV, Feltenstrasse 2, D.2000 Hamburg 1.  
PARIS to Banque de l'Union Européenne, 4 rue Gallien, 75 Paris 2e.  
NEW YORK to Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, N.Y. 10015.  
AMSTERDAM to Bank Mees & Hope NV, Herengracht 548.

Amsterdam, 13th August, 1987.

BANK MEES & HOPE NV

## To the Holders of

## SHEARSON LEHMAN CMO, INC.

## Series F, Class F-1

Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period August 20, 1987 through November 19, 1987 as determined in accordance with the applicable provisions of the Indenture, is 7.625 Libor per annum. Amount of interest payable is \$184,241,795 per \$10,000 principal amount.

## SHEARSON LEHMAN CMO, INC.

## Management buy-in at Perkins

BY FIONA THOMPSON

TWO SUBSTANTIAL figures in the UK food industry are staging a management buy-in. John Perkins Meats, the USM-quoted meat boning and packing company based in Somerset.

Mr Michael Davies, until 1982 chairman of Imperial Foods, will become chairman, and Mr Howard Phillips is to resign as chief executive of Golden Wonder to take up the same position at Perkins. Their plan is to expand the business significantly, primarily through acquisitions.

Following the announcement, shares rose strongly by 37p to 105p.

Mr John Perkins, the butcher who started trading with one

shop in Taunton in 1948, is to sell some of the shares he and his family own, reducing their interests from 55.7 per cent to 24.5 per cent. He will place the shares, at 67p, with institutions, with Mr Terry Finn, a non-executive director of the company, and with the investors — Mr Davies, Mr Phillips and two others.

The four investors—all to be appointed to the board — will hold a 12 per cent stake in the company. The investors have jointly put £1m in the venture.

Following the placing, the company proposes to raise £2.27m after expenses by a one-for-two rights issue of 4,900,000 shares at 50p. The issue has been fully underwritten by

Lloyds Merchant Bank.

Perkins produced a pre-tax profit boost from £162,000 to £262,000 on turnover of £10.5m in the six months to March 28 1987.

Mr Davies and Mr Phillips have between them spent 45 years in the food business.

"We decided at the turn of this year that we would like to do something fairly entrepreneurial together," said Mr Davies. "What we had done for other people we would do for ourselves."

"We needed to find a small, publicly-quoted company in the food business. Perkins is a good business, and he was attracted by our development plans."

The immediate plan, accord-

ing to Mr Phillips, is to "use all our contacts to trawl the market for acquisition opportunities available."

"We want niche businesses which won't be drowned by the majors, in the healthy-eating area particularly, chilled and fresh produce, ethnic and continental dishes. Mostly companies which sell to major retailers."

They hope to acquire "at a reasonable rate of knots," said Mr Phillips, "say seven a year. Relatively small family businesses are the ideal."

As the company grows the investors will take a greater stake. Mr Gerald Bond, managing director of the company, will stay in place.

## Acquisitive Hodgson 37% ahead

Hodgson Holdings, the funeral director who has expanded rapidly via acquisition since it was floated on the USM just over 12 months ago, yesterday reported a near 37 per cent improvement in pre-tax profits for the half year to end-April.

The directors, headed by Mr Howard Hodgson, the chairman, said margins had been maintained despite acquiring business in areas where income per funeral was generally lower than average.

This, they said, reflected the group's ability to improve performance by rationalisation.

Turnover for the opening six months pushed ahead from £1.38m (£1.20m), generating gross profits of £150,000 compared with a previous £102,000.

Pre-tax profits worked through £163,000 ahead at £905,000 after taking account of a £25,000 rise in administration expenses to £797,000 and a slight increase in interest charges to £115,000 (£102,000). Tax of £212,000 (£177,000)

left net profits at £393,000 (£265,000), equating to earnings per share of 4.3p (3.8p).

Shareholders are to receive a maiden interim dividend of 1p — for the 1985-86 year they received 1.18p, as forecast in the flotation prospectus, from taxable profits of £840,000.

The company came to the USM via a placing of 2.76m ordinary shares at 85p each by ANZ Merchant Bank in June 1986. Yesterday they closed unchanged at 256p.

## Profit up 50% at Aerospace Engineering

By Fiona Thompson

Aerospace Engineering, the precision and fabrication engineers, yesterday reported higher pre-tax profits of £1.5m, against £1m, for the year to April 30 1987. Turnover was £14.8m, compared with a restated £14.11m.

Mr John Davis, chief executive and group managing director, said that after a flat start, the year had turned out quite well. The two new acquisitions — Inca Tooling, a trading subsidiary of Greywater purchased in November 1986, and Microtech Printed Circuits acquired in April this year — had both exceeded experts' forecasts.

"We feel significantly more confident than we have in the past," he said, adding that the company expected substantially better results in this year.

A unchanged final dividend of 1.56p is recommended, making a total of 3.12p for the year (3.88p). In addition, a one-for-five scrip issue is proposed and the directors anticipate that the dividend will be maintained on the increased capital.

Earnings per share improved from 5.5p to 7.39p after a tax charge of £335,000 (£376,000).

Cooper Merseyside had diversified further within the aerospace industry through the manufacture of a wider range of products, said Mr Davis. Outside aerospace its involvement was growing in the manufacture of components for nuclear submarines and gas turbine engines.

## Rowntree expands in France

Rowntree, the York-based confectionery manufacturer, is to buy Candice-Martial, at French retail chain selling confectionery and ice cream. The purchase price is not being disclosed.

The acquisition is a further step in Rowntree's strategy of increasing its activity in specialist food retailing in the UK and abroad. In France the group already has two shops under the Original Cookie Company brand and 20 franchise outlets selling fresh chocolates.

Candice-Martial has a chain of about 40 retail outlets, mainly in the Paris area. They trade under the brand names of Martial, Candice and Sunset Ice-Cream.

The company employs 215 people and turnover in 1987 will amount to FFfr 70m (£7m).



# Britannia Arrow Holdings PLC

## 1987 Interim Results

## PROFITS UP 85 PER CENT

Unaudited results for 6 months to:	30 June 1987	30 June 1986
Pre-tax profit	<b>£25.1m</b>	£13.5m
Earnings per share (fully diluted)	<b>7.6p</b> <b>6.9p</b>	5.6p 5.1p
Interim ordinary dividend	<b>2.3p</b>	1.8p
Funds under management worldwide (including those of the INVESCO partnership in 1987)	<b>£18,500m</b>	£8,000m

## CHAIRMAN'S STATEMENT

In last year's annual report I stated that I continued to view the future with great confidence. This confidence has proved to be well founded as the results of the Company for the six months to 30th June, 1987, show profits before taxation for the first half of the year are up 85% on the comparable period last year and earnings per share have increased by 36%.

On 4th July this year the Board announced its intention, subject to shareholders' consent, of disposing of the controlling interest in Singer & Friedlander. Britannia Arrow is one of the largest independent investment management organisations in the United Kingdom and the proceeds from the sale will enable that position to be consolidated.

Future prospects remain good and I look forward with confidence to the Company's continued growth.

Geoffrey Rippon  
Chairman

Britannia Arrow is a leading investment manager and adviser to investment clients located both in the U.K. and overseas.

For further information please write to The Secretary, Britannia Arrow Holdings PLC at 80 Coleman Street, London EC2R 5AD. Telephone: 01-628 6080

## Pearson's £123m book profit

Pearson, the publishing, banking and industrial group, made a £123m book profit on the £143m sale of Bracken House, headquarters of the Financial Times, the company said yesterday.

A letter to shareholders about the sale of Bracken House to Ohbayashi Corporation of Japan, completed on July 29, showed that at the end of that month the group had cash and short-term deposits of £318m, compared with indebtedness of £227m.

Lord Blakenham, chairman of Pearson, said in the letter that

the proceeds of the Bracken House sale, after professional expenses and relocation costs, were estimated at £140m.

He added that the sale gave rise to a surplus of £123m over the book value of the property. The tax liability on the gain was not likely to exceed £47m and a substantial part of this was likely to be deferred for some years.

Pearson is in the process of buying out minority shareholders in Cameo, its US oil industry services subsidiary, at an estimated cost of \$90m (£50m) and the Bracken House sale means it has more than

sufficient net cash to cover the cost of this move.

A pre-forma statement of net assets, taking account of these deals plus the conversion of £28m of bonds into ordinary shares and the receipt last January of \$48m from the sale of its remaining engineering interests, shows net attributable assets of £511.14m, against £444.1m at December 31 last year.

Cash at bank rises from £104m to £241.7m. Short-term borrowings are unchanged at £13.9m, with medium- and long-term borrowings falling from £165.5m to £148m.

## COMPANY NEWS IN BRIEF

MORFITT & TURNBULL (management services), a subsidiary of N. Brown & Co., has acquired for cash Daily Harvest Mackay, a life and pensions broker and fund manager based in Birmingham. The company has changed its name to Daily Harvey Morfitt.

WHINNEY MACKAY-LEWIS is looking at several potential acquisitions in design and other related fields and has won a

competition to be architects to Mobile Services for a computer centre development, the chairman told the annual meeting.

CHASE PROPERTY HOLDINGS has disposed of five properties in London, Taunton and Worsley since March with a total value of £5.75m.

BLANCHARDS' open offer of 468,750 new ordinary shares to be taken up by shareholders as to

183,809 (78.78 per cent) excluding the directors' entitlement of 222,749 shares. The balance, including the directors' entitlement, has been taken up by institutional places.

JAMES FINLAY is buying the outstanding 31.49 per cent stake in Midstates Oil for a total of \$2.5m (£1.55m) to be satisfied by \$994,000 cash and the balance by the issue of 771,000 shares.

PORTER CHADBURN: It is proposed that each ordinary 20p share be subdivided into four ordinary shares of 5p each.

## KLEINWORT BENSON FINANCE B.V.

US \$50 million

## Guaranteed Floating Rate Notes 1991

unconditionally and irrevocably guaranteed, as to payment of principal, premium (if any) and interest, by

## KLEINWORT BENSON LONSDALE plc

For the three months 20th August 1987 to 20th November 1987, the Notes will carry a Rate of Interest of 7 1/4 per cent, per annum with a Coupon Amount of US \$92.64

## CHEMICAL BANK INTERNATIONAL LIMITED

Agent Bank

## The Dai-ichi Inc.

(the "Company")

£20,000,000

## 8 1/2 Per Cent Convertible Bonds Due 1995

Pursuant to Clause 7(3) of the Trust Deed dated 3rd July, 1980 in respect of the above issue, notice is hereby given as follows:

1. On 5th August, 1987 the Board of Directors of the Company resolved to make a free distribution of shares of its common stock to shareholders of record as of 31st August, 1987 (Japan time), at the rate of 0.17 share per one share held.

2. Accordingly, the conversion price at which the bonds may be converted into shares of common stock of the Company will be adjusted with effect 1st September, 1987 (Japan time). The conversion price in effect before such adjustment is Yen 725.50 and the adjusted conversion price will be Yen 620.10

Morgan Grenfell & Co. Limited  
Principal Paying and Conversion Agent  
21st August, 1987



## Banque Indosuez

U.S. \$200,000,000

## Floating Rate Notes due 1997

For the three months 19th August, 1987 to 19th November, 1987 the Notes will carry an interest rate of 7 1/4 per annum and coupon amount of U.S. \$185.28 per U.S. \$10,000 Note, and U.S. \$4,631.94 per U.S. \$250,000 Note.

Listed on the Luxembourg Stock Exchange by

Bankers Trust  
Company, London

Agent Bank

## MANUFACTURERS HANOVER TRUST COMPANY

£75,000,000

## Floating Rate Subordinated Capital Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 20th August 1987 to 20th November 1987 has been fixed at 10 1/4 per cent per annum. The Coupon Amounts will be £130.75 for the £5,000 denomination and £1,307.53 for the £50,000 denomination and will be payable on 20th November 1987 against surrender of Coupon No. 12.

Manufacturers Hanover Limited  
Agent Bank

To Holders of:

First City Bancorporation of Texas, Inc.

Floating Rate Notes Due January 1995

First City Bancorporation of Texas, Inc. hereby notifies you of the redemption of Manufacturers Hanover Trust Company Floating Rate Notes due January 1995.

First City Bancorporation of Texas, Inc. has requested State Street Bank and Trust Company, whose principal corporate trust office is located at 100 Pine Street, Boston, Massachusetts 02110, to act as Successor Trustee under the Indenture, which agreement has been accepted and become effective on August 21, 1987.

First City Bancorporation of Texas, Inc. August 21, 1987

## UK COMPANY NEWS

## UK OPERATIONS AND DUTCH HOTELS BOOST PROFITS

## Queens Moat up 45% to over £9m

BY CLAY HARRIS

Queens Moat Houses, the hotel group, increased interim pre-tax profits by 45 per cent to £9.06m against £6.28m. The group yesterday also announced the £148m acquisition of 24 hotels in West Germany, the Netherlands and Belgium and a £83.1m rights issue.

With turnover ahead by 64 per cent to £70.2m compared with £42.9m in the six months to July 12, pre-tax margin fell from 14.6 per cent to 12.9 per cent. This reflected an increase in rent and interest costs as operating margin slipped slightly from 25.1 per cent to 22.1 per cent.

Mr John Bairstow, chairman, reported increased profits from

UK operations and a "most satisfactory outcome" from the Bilderberg group of Dutch hotels bought last November. He predicted further strong growth.

Queens Moat expects its tax charge for the current year to rise to 22.5 per cent from 20 per cent in 1986-87.

Fully diluted earnings rose by nearly 22 per cent to 2.39p (1.89p adjusted for a one-for-five scrip issue in October). Queens Moat is to increase its interim dividend to 0.9p (0.75p adjusted) and forecast a final of the same size for a total of 1.8p (1.6p adjusted).

The group estimated that its

hotels, excluding yesterday's acquisitions, had a total value of £427m, a further increase of £41m over book value. The latest hotels have been valued at not less than their £147.6m acquisition cost.

Yesterday's one-for-three rights issue will proceed regardless of the outcome of the latest hotel deals, which are conditional on shareholder approval, local consents and clearance from Holiday Inn, which operates eight of the German hotels. The rights issue also includes an offer of 30 ordinary shares for every 38 convertible preference shares held.

The Globana Holiday Inn

hotels are located at Cologne-Bonn airport, Hanover airport, Stuttgart-Sindelfingen, Wolfsburg, Munich, Frankfurt, Düsseldorf, and Garmisch-Partenkirchen. The last, in Bavaria, will no longer be operated as a Holiday Inn.

The German hotels being bought from Crest are in Bremen, Friedrichsdorf, Hannover, Ludenscheid, Nuremberg, Siegen, Sindelfingen, Pforzheim, and Heidelberg. Included in the acquisition are hotels at Rotterdam, Scheveningen, Drachten, Papendrecht, Velp and Born in the Netherlands and Moss in Belgium.

See Lex

## Task Force profits up by 69%

Task Force Group, the USM-listed computer personnel agency, raised pre-tax profits by 69 per cent from £281,000 to £492,000 for the six months to May 31.

Turnover was up by 23 per cent from £5.3m to £6.5m. The figures include the results of the recently acquired Bertram Personnel Group under the merger accounting method.

Mr Tony Martin, chairman, said that the first six months had been a challenging and rewarding time for the group and a record year being experienced in Orlando, Florida.

The Bertram acquisition had brought the group geographic spread and a wider product base. Several other synergistic organisations had been identified as potential acquisitions and negotiations had reached various levels of progress.

Mr Martin said that the group had entered into a joint venture with Hogan Systems (UK). A company - Hogan Task Force - had been established for the purpose of the joint venture with the group taking 49.9 per cent of the equity.

After tax of £173,000 (£125,000), earnings per 5p share were increased to 4.5p (2.3p). Of the consolidated profit after tax, £220,000 relates to Task Force and £39,000 to Bertram.

An interim dividend of 1p (nil) is declared.

## President Entertainments over £1m at half way

President Entertainments, restaurateur and pasta bar owner, continued its sharp growth rate in the half year to June 30 with pre-tax profits jumping 79 per cent from £371,000 to £1.02m.

Turnover during the period, traditionally the quieter half of the year, was up from £5.02m to £7.01m, an increase of 40 per cent and earnings per share, after a tax charge of £389,000 (£146,000) earnings per 50p ordinary were 3.03p (2.65p) for the 0.85p interim dividend (0.75p).

Trading has been satisfactory in all areas, with the London theatre restaurant division showing a significant increase over the previous year and a record year being experienced in Orlando, Florida.

Bates, the gourmet restaurant in London's Covent Garden,

## All-round growth lifts Cattle's profits

CONSISTENT growth in all its activities helped Cattle's (Holdings), Hull-based financial services and retailing group to lift taxable profits by 34 per cent in the six months to June 30, 1987. The increase was in line with the company's expectations.

And Mr Roy Waudby, chairman and chief executive, added that with the more profitable second half having started well, the full year's results should easily surpass the record profits achieved in 1986.

On turnover ahead from £44.12m at £50.4m Cattle's profits in the first half rose from £1.5m to £2.01m. The directors declared an increased interim dividend of 1p compared with an adjusted figure of 0.77p last time.

Mr Waudby said that the mood of optimism augured well for the future.

Despite the publicity given to the growth in consumer debt, gross customers' accounts have followed the normal pattern of falling from the seasonal peak at the end of December by 52m at the end of June after adjusting for acquisitions.

The core activity - weekly collected instalment credit and merchandising through Shopcheck Financial Services - had performed extremely well. Tax charges rose from £539,000 to £705,000 and there was an extraordinary credit of £53,000 compared with one of £176,000 last time.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim: Ault and Wiborg.  
Final: William Ransom.

**FUTURE DATES**

Company	Date
Aurore	Aug 27
Bosse Masini Politt	Sept 22
British Syphon Industries	Sept 21
Electric & General Investment	Dec 18
English National Investment	Oct 28
Godwin Warren Con Syst	Sept 3
Great Southern	Sept 3
Halla Homes and Gardens	Sept 3
Heron	Sept 1
More O'Farrell	Sept 7
Paros	Sept 3
UTC	Sept 30
Wates City of London Props	Sept 2
Ward Group	Oct 6
Weir	Aug 26
Wessanen	Aug 26
Wien Investment	Nov 18
Finale	Nov 18
Barlow Rand	Sept 2
Coronation Syndicate	Sept 1
Melville Street Investments	Dec 10
Pacific Sales	Sept 11
Press Tools	Aug 27
State Investments	Aug 18
Trent Holdings	Aug 27
Twefouls United Collieries	Sept 2

## Two Major Financial Services Conferences arranged by the FINANCIAL TIMES

## Retail Financial Services from now to 2000

London, 15 &amp; 16 October, 1987

The Financial Times stages a Retail Financial Services conference every second year and this October sees another forum reviewing the significant developments in Britain, Continental Europe and the United States. The debit card problems, an issue of considerable interest today, will receive particular attention.

Among the speakers who have agreed to participate are:

**Mr Foster L. Aborn**  
John Hancock Mutual Life Insurance Co

**Mr Raoul Bellanger**  
Groupement des Cartes Bancaires

**Mr Colin J. Finch**  
Hambro Countrywide PLC

**The Hon Seymour H. Fortescue**  
Barclays Bank PLC

**Mr Russell E. Hogg**  
MasterCard International

**Mr James Larkin**  
American Express Company

## Electronic Financial Services - Competition &amp; Co-operation

London, 19 &amp; 20 October, 1987

The Financial Times fifth Electronic Financial Services conference will focus on competition and co-operation in financial services and the problems financial institutions face in managing technology to cope with the demands presented by the increased competition and deregulation.

Some of the speakers taking part include:

**Mr Rudolf Bauer**  
Commerzbank AG

**Mr Jacques De Keyser**  
Generale Bank

**Mr Des Lee**  
Lloyds of London

**Mr Gene Lockhart**  
Midland Bank plc

**Mr Bert Morris**  
National Westminster Bank PLC

**Mr Trevor Nicholas**  
Barclays Bank PLC

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Type of Business \_\_\_\_\_

## London &amp; Scottish banks' balances as at July 31 1987

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

TABLE 1	Total outstanding £m	Change on month £m
<b>AGGREGATE BALANCES</b>		
<b>LIABILITIES</b>		
Sterling deposits:		
UK monetary sector	51,794	+1,546
UK private sector	116,689	+2,785
UK public sector	4,184	+30
Overseas residents	15,785	+272
Certificates of deposit	18,194	+812
of which: Sight	17,170	+5,077
Time (inc. CDs)	75,913	+4,912
Foreign currency deposits:		
UK monetary sector	18,659	-38
Other UK residents	9,391	+349
Overseas residents	44,989	+533
Certificates of deposit	4,606	-461
of which: Sight	75,908	+728
Time (inc. CDs)	75,913	+4,912
<b>Total deposits</b>	283,938	+4,415
Notes in circulation	1,008	+21
Other liabilities*	48,953	-1,605
<b>TOTAL LIABILITIES</b>	293,914	+4,062
<b>ASSETS</b>		
Sterling		
Cash and balances with Bank of England	526	0
Cash and balances with other banks	2,391	+4
Other balances	2,818	+4
Market loans:		
Discount loans	4,996	+588
Other UK monetary sector	31,988	+1,215
UK monetary sector CDs	4,768	+124
Other foreign currency assets*		
<b>TOTAL ASSETS</b>	298,514	+4,062
Acceptances	6,176	+1,322
Eligible liabilities	132,913	+2,169

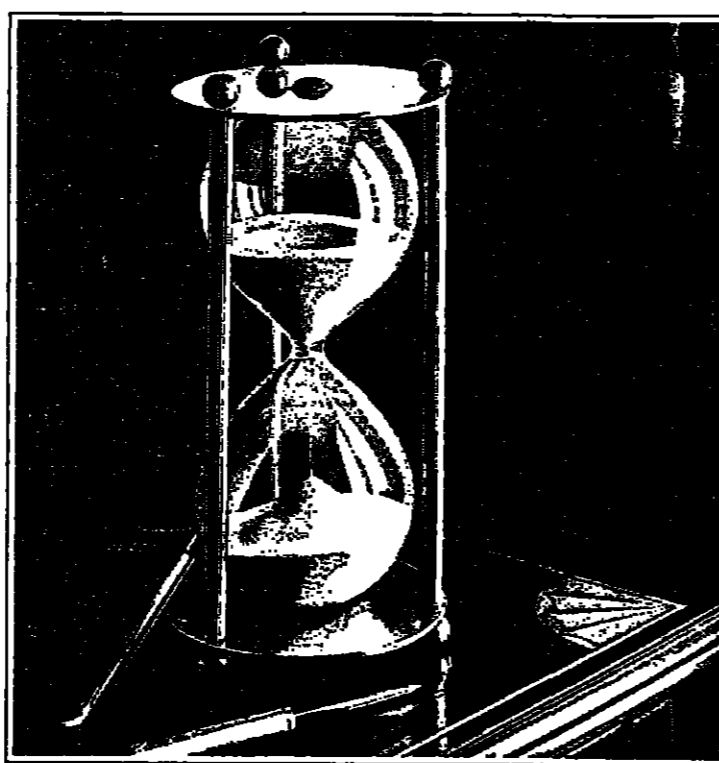
TABLE 2: INDIVIDUAL GROUP BALANCES	CLBS Group £m	Bank of Scotland £m	Barclays £m	Lloyds £m	Midland £m	National Westminster £m	Royal Bank of Scotland £m	Standard Chartered £m	TSB £m
<b>LIABILITIES OUTSTANDING</b>									
Sterling deposits	177,978	6,897	38,201	27,429	22,289	48,297	18,717	5,292	12,272
Change on month	+5,977	+36	+634	+284	+1,132	+2,321	+44	+248	+975
Foreign currency deposits	75,908	1,080	14,742	9,778	13,611	23,873	4,781	2,735	225
Change on month	+728	+30	+372	+277	+1,349	+588	+281	+1	+48
<b>Total deposits</b>	253,886	7,977	52,943	37,207	35,900	72,170	13,498	8,027	12,497
Change on month	+6,705	+119	+1,006	+561	+2,481	+2,909	+245	+247	+103
<b>STERLING ASSETS OUTSTANDING</b>									
Cash and balances with Bank of England	2,818	377	483	223	636	559	501	15	124
Change on month	+4	+23	-23	-23	+164	-89	-1	-2	134
Market loans - UK monetary sector	34,774	722	6,970	4,838	4,830	14,711	1,412	325	2,542
Change on month	+1,966	+147	+811	+377	-894	+1,137	-58	+161	+735
Other	11,514	95	3,881	1,825	972	3,334	686	327	1,694
Change on month	+354	-5	+136	+146	+132	+142	+47	+112	-22
Bills	5,581	185	1,718	1,023	799	1,339	329	65	286
Change on month	+494	0	+289	-249	-45	+36	+3	0	+278
British Government stocks	4,929	172	85	512	636	506	232	217	1,763
Change on month	-139	-4	-7	+3	-45	-3	+1	-14	-127
Advances	122,167	5,814	22,700	19,327	24,978	39,422	3,487	2,487	6,236
Change on month	+686	+149	-178	+124	+542	-282	-106	+194	+251
<b>FOREIGN CURRENCY ASSETS OUTSTANDING</b>									
Market loans and bills	38,119	387	18,224	7,899	8,245	18,904	3,266	6,353	319
Change on month	+1,965	+71	-189	-12	+2,682	-388	+412	+47	-65
Advances	26,146	965	3,899	3,888	6,587	5,897	1,799	2,459	89
Change on month	-971	-28	-223	-51	-118	+8	-137	-61	+2
<b>ACCEPTANCES OUTSTANDING</b>									
Change on month	+1,328	+15	1,764	261	1,371	1,477	519	236	294
<b>ELIGIBLE LIABILITIES OUTSTANDING</b>									
Change on month	+2,169	+188	+345	+47	+1,488	-82	+27	+36	+159

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## THE PROPERTY MARKET BY PAUL CHEESERIGHT

## Glasgow and the quality factor

HERE IS a Glasgow paradox. Office space is tight but the rents have not soared out of sight as they have been doing in the City of London.

Certainly rents have been rising in line with the general pattern outside London. A year ago prime space in the central business district was attracting £7.50 a square foot. Now it would be more like £8.50 and any new building would probably reach £10.

"Virtually all new offices are let before completion," noted Michael Ryder of Kenneth Ryden, surveyors specialising in the Scottish market. "Apart from 1973 to 1976, there's been over-supply since the 1960s. But now that situation has been caught up. There's a shortage of the best."

And this goes to the heart of the paradox. "If you can't get quality of space, you won't move," said Bill Binnie of Richard Binnie surveyors. "Rents have been restricted because we could not provide quality space. This dampens the market. If we could provide it, rents would go up to £12 a square foot."

Although the centre of Glasgow is thick with agents' boards and building works are plentiful, around 40 per cent of the work is refurbishment. According to Kenneth Ryden, the only self-contained building

due for completion and available before the end of the year is a 20,000 square foot development by Bett Brothers and Cazen Property.

The actual office stock in the central business district is over 7m square feet and, historically, said Richard Ellis, the annual take-up has been of the order of 350,000 to 400,000 square feet. Over the last two years, though, the take-up has swollen to nearer 650,000 square feet, helped, it is true, by the need to accommodate Britoil and some Ministry of Defence services.

On the basis of buildings which have been started, Richard Ellis calculates that 236,000 sq ft will become available in 1988 and 355,000 sq ft in 1989.

There is, however, planning consent outstanding for a total of 2.6m sq ft, suggesting that, if present leasing patterns continue, the supply and demand ought to balance out better early in the next decade.

But the condition is important. The demand for space is largely coming from within Glasgow itself. "A lot of the space take-up has been from people who were already here. They had stuck their toe in the water first and then decided they wanted more space," said

Mr Ryder.

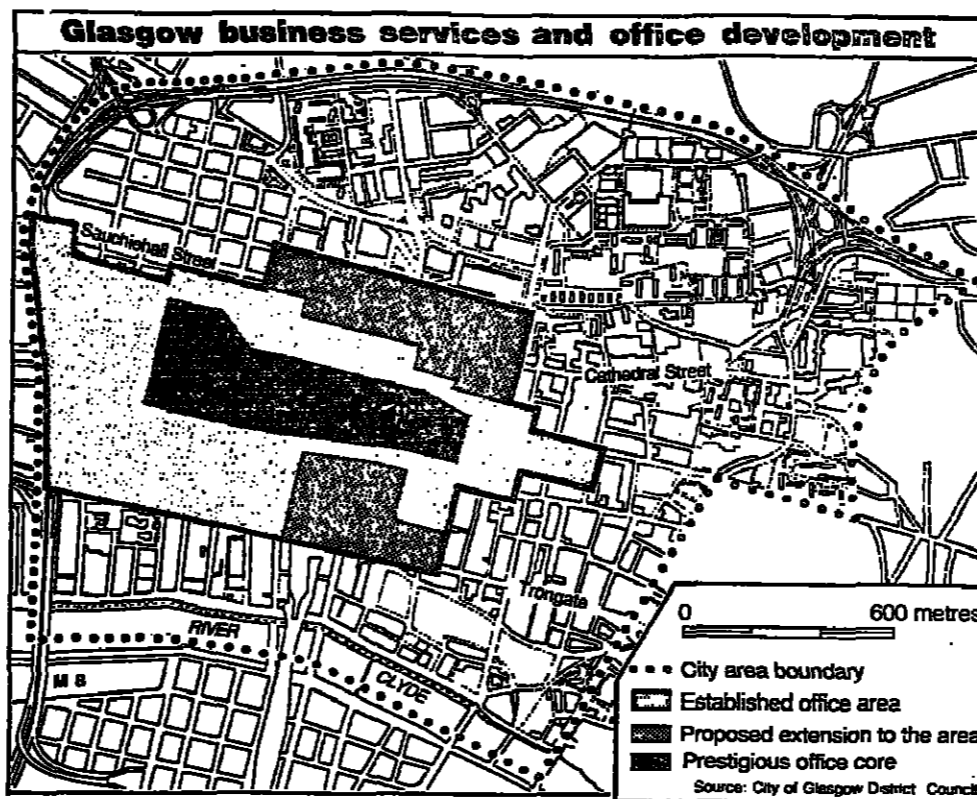
"The majority of requirements are for expansion. There is not much international company demand," said Mr Binnie.

That 2.6m square feet might not look quite so large if a campaign started by Glasgow Action a mixed private-public sector organisation set up to woo corporate immigrants with Glasgow's commercial potential, starts to bear fruit.

So far its main claim to success has been the establishment of Broker Services, a share settlement operation set up by Barclays Bank and NMW Computers. But as it was based on the backroom staff of Penney Easton, the Glasgow stockbroker, it is scarcely an international catch.

Still, as David McDonald, director of Glasgow Action, noted, "headquarters changes are few and far between. We're really looking for major office users, and here we're competing with other cities in the UK." And, of course, competing with continental Europe.

Although rents are relatively low, the rates are not. "You've got to consider the overall occupation costs," said Mr Binnie. By the time rates are added on to a rent of, say, £8.50, then the costs are £17.50 a square foot. "That is more than Barce-



Glasgow business services and office development

lona, Manchester and Amsterdam," Mr Binnie added.

That said, even with existing indigenous demand, the traditional central office district of the city is bursting at the seams. This is not only a question of commercial activity but also of planning.

The Glasgow District Council will not permit the fine Victorian heart of the city to be knocked down for high rise

buildings. And the grid pattern of the central streets is rigid.

"Plot sizes, unless you can acquire two or three buildings, are tunnel-like. So you've got drawbacks of shape," said Mr Ryder.

The expansion of the central business district will take most obviously to the south, towards the River Clyde. It is here, in a district called the Broomielaw, that Kumagai Gumi and Bell-

house and Joseph are planning, with encouragement from the authorities, a 750,000 sq ft office scheme, 75,000 sq ft retail space, leisure facilities and a new hotel.

The district at the moment is full of old warehouses and industrial premises. It was an area which the private sector seemed to have written off but which is now seen as being a catalyst for growth.

## Shopping around for a new centre

"THE PLANNERS have become salesmen as well. There's not point in plans if there's nobody to do them," says Mr Stanley Denney, the deputy planning director of the Glasgow District Council.

And what selling, as far as the city's central area is concerned, is directed towards two areas. "We have a commercial core which is relatively healthy. On the north we have residential areas which are fairly stable. But the south and east edges, they are the twilight zones," says Mr Denney.

Next week policies for the south and east of the city, in use for two years, should be formally adopted as part of the Central Area Local Plan. On the south side the Kumagai Gumi-Bellhouse and Joseph plan should open up the city to the river and, in the same way as the Canary Wharf project in London, Docklands, draw around it other and smaller-scale developments.

On the east side the development is around the Cathedral, with a patchwork of small ventures directed at tourist traffic; and in Merchant City, to the south of the Cathedral, the stress is on specialty shopping and private sector housing.

Traditionally, Glasgow's main central shopping has been along Sauchiehall Street, cutting across the north side,

and on Buchanan Street, which comes off it at a right angle and runs south a little to the west of George Square.

The planners would like to concentrate more shopping at the west end of Sauchiehall Street and on Buchanan Street. They envisage new centres at the top and bottom of Buchanan Street, which would create a dumbbell-

"GLASGOW District Council will co-operate in an initiative for the promotion and the development of the central area with particular respect to attracting business headquarters, the development of educational short course programmes, high technology in relation to computer software, exporting services, tourism and an improved image"—Central Area Local Plan.

shaped shopping area. Construction at the bottom of the street, St Enoch's, being developed by Sears, the Church Commissioners, has already started.

This building work would allow a slight expansion of the office area into the secondary shopping area to the west of Buchanan Street. But the expansion will be governed by the conservationist policies which already serve the Victorian core.

This announcement appears as a matter of record only.

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## Company Notice

THE "SHELL" TRANSPORT  
AND TRADING COMPANY,  
plc

Notice is hereby given that a  
statement of the Register will be  
sent to the Registrar of Companies  
for the year ended 30 September,  
1987, for the preparation of the  
half-yearly dividend payable  
on the FIRST PREFERENCE  
SHARES for the six months  
ending 30 September, 1987.  
The dividend will be paid on  
1st October 1987.

For Transferees to receive this  
dividend, their transfers must  
be lodged with the Company's  
Registrar, Lloyds Bank Plc,  
Registrar's Department, Goring-  
by-Sea, Worthing, Sussex, not  
later than 3.00 pm on Thursday,  
3rd September, 1987.

By Order of the Board  
Company Secretary  
Shell Centre  
London SE1 7NA  
21st August, 1987

INSURANCE COMPANIES ACT 1982  
TRANSFER OF GENERAL BUSINESS

Application has been made to the Secretary  
of State for Trade and Industry under  
the Insurance Companies Act 1982, for  
the transfer of the rights and obligations  
under all the policies of general  
insurance business written by it to English  
& American Insurance Company Limited.  
Copies of the instrument of transfer  
are available for inspection on request at  
the offices of Providence Capital Life  
Assurance Company Limited, Providence  
30, Uxbridge Road, London W5 7NS  
and at the offices of the Secretary of  
State for Trade and Industry, 20 Great  
Smith Street, London WC2R 2BS, before  
31st October 1987. The Secretary of  
State will determine whether the  
transfer until after considering any  
that date.

THE ROYAL BANK  
OF CANADA

FLAT RATE 15% INTEREST  
DUE 2005  
In accordance with the terms and  
conditions of the debentures, the  
interest rate for the period 20th  
August 1987 to 24th September 1987  
has been fixed at 6 1/2% per cent per  
annum. The interest rate for the  
period 25th September 1987 to 24th  
October 1987 will be 6 3/4% per cent  
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**Have you got a few words to say to your Bank Manager?**

weakness of the dollar gave bonds a room for recovery, and the 30-year bond yield remained close to 9 percent.

On Life September bonds finished near the day's low of 89.03, at 89.05, against 89.13 previously.

Japanese Government bonds for September opened firm on Life at 105-10. In Tokyo a bond buying operation by the Ministry of Finance bond sinking fund had a little impact on a fairly strong Government bond market. The fund bought Yaman of the 82 and 85 issue bonds. This helped reduce the yield on the benchmark 82 bond.

**LIFFE FTSE 100 INDEX FUTURES OPTIONS**

Strike	Call	Put	Call	Put
22750	0.00	1.80	10.80	12.63
23000	0.00	1.35	13.30	14.65
23250	0.00	0.95	15.80	16.67
23500	0.00	0.70	18.30	19.00
23750	0.00	0.49	20.80	21.29
24000	0.00	0.30	23.30	23.64
24250	0.00	0.27	25.80	25.98
24500	0.00	0.16	28.30	28.46

Estimated volume: 100 contracts; 12 Pm 7  
Previous day's open in Call: 473 Pm 39.46

Last		Dec.		Sept.		Puts		Last	
00	Nov.	00	Nov.	00	Nov.	00	Nov.	00	Nov.
00	11.90	11.95	0.20	0.30	0.40	0.55	2.70		
00	7.00	7.15	0.20	0.65	1.05	1.60			
00	3.50	3.85	0.90	2.00	2.85	3.45			
00	1.50	1.85	4.10	5.00	5.80	6.50			
05	0.95	0.85	8.80	9.30	9.00	10.40			
05	—	1.20	15.30	—	—	16.50			

Call: 998 Puts: 163

	Mar.	June	Sept.	Dec.	Mar.	June
93	0.78	0.76	0.00	0.09	0.29	0.56
94	0.62	0.62	0.00	0.14	0.38	0.67
95	0.47	0.50	0.00	0.20	0.48	0.80
98	0.34	0.39	0.01	0.29	0.60	0.94
99	0.24	0.30	0.02	0.39	0.75	1.10
00	0.17	0.22	0.04	0.55	0.93	1.27
07	0.01	0.16	0.38	0.73	1.12	1.46

Calls 2,900 Puts 2,903  
k 17 Puts 0

JAPANESE YEN (1000)				
¥12.5m 5 per ¥100				
	Latest	High	Low	Prev.
Sept.	0.6929	0.6951	0.6915	0.6932
Dec.	0.6784	0.7005	0.6669	0.6887
Mar.	0.7035	0.7040	0.7035	0.7046
June	0.7090	0.7090	0.7090	0.7109

DEUTSCHE MARK (1000)				
DM125,000 5 per DM				
	Latest	High	Low	Prev.
Sept.	0.5463	0.5469	0.5454	0.5462
Dec.	0.5507	0.5511	0.5496	0.5504
Mar.	0.5545	—	0.5545	0.5549
June	—	—	—	0.5594

THREE-MONTH EUROOLLAR (MM)				
€m points of 100%				
	Latest	High	Low	Prev.
Sept.	92.84	92.86	92.84	92.84
Dec.	92.37	92.40	92.34	92.34
Mar.	92.01	92.04	92.00	91.98
June	91.72	91.74	91.70	91.68
Sept.	91.48	91.48	91.46	91.46
Dec.	91.25	91.26	91.23	91.21
Mar.	91.04	91.05	91.03	91.01
June	90.85	90.85	90.84	90.81

STANDARD & POORE 500 INDEX				
500 titles index				
	Latest	High	Low	Prev.
Sept.	332.80	333.20	332.25	331.50
Dec.	331.20	331.60	330.50	329.50
Mar.	338.20	340.00	338.05	336.95
June	341.00	341.40	—	339.75

**ED VALUE O**  
**AMERICA GLOBAL TRADE**

exchange for the U.S. dollar against varying rates as quoted between banks, unless specified areas. All rates quoted are indicative and subject to change without notice. We undertake to trade in all listed foreign currencies.

Global Trading, London,  
San Francisco, Los Angeles, Toronto.  
Full trading capability.

5. Dealing: 01-236 9861.

VALUE OF	COUNTRY	C
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DOLLAR		
50.60	El Salvador	Puerto Rico
6.2772	Greece	Dracma
4.67	Greenland	Danish Kr.
6.166	Grenada	Dollar
125.28	Guadalupe	U.S. Dollar
29.918	Haiti	Gourdes
2.70	Honduras	Lempira
2.127	Guatemala	Quetzales
1.79	Guinea Bissau	Peso
4.4092	Guinea	Franc
12.9765	Guinea Republic	Franc
144.85	Guyana	Dollars
1.00	Haiti	Dollars
0.3769	Honduras Republic	Gourdes
125.28	Hong Kong	Dollars
31.00	Hungary	Forint
20.133	Iceland	Krona
38.963	India	Rupia
30.59	Indonesia	Rupia
908	Iran	Rial
1.00	Iran	Rial

13.07	Irish Republic	Punt
2.08	Israel	New
2.09	Italy	Lira
1.7241	Jamaica	Dollar
47.06	Japan	Yen
2.1028	Jordan	Dinar
0.88	Kampuchea	Riel
308.30	Katanga	Shilling
6.7371	Kiribati	Australian
126.224	Korea (North)	Won
308.30	Korea (South)	Won
1.3315	Kuwait	Dinar
125.28	Laos P'ites D Rep.	Kip

72.409	Libya	Dinner
6.835	Lezbo	Malta
308.30	Liberia	Moldavia
221.65	Libya	Monaco
308.30	Liechtenstein	Switzerland
3.722	Luxembourg	Poland
246.93	Macau	Portugal
308.30	Madagascar	Qatar
308.30	Madagascar	Romania
63.38	Malawi	Russia
2.043	Malaysia	Saudi Arabia
208.96	Maldives Islands	Seychelles
5.50	Mali	Slovenia
	Malta	Slovakia
	Martinique	Spain
7.68	Mauritania	Sweden
177.00	Mauritius	Switzerland
2.70	Mexico	Taiwan
3.185	Mexico	Tanzania
201.50	Micronesia	Tanzania

[illegible][illegible]

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# THE POWER OF

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Bank of America Global Trading, London,  
New York, Tokyo, San Francisco, Los Angeles, Toronto.  
24-hours a day trading capability.  
Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=\$US1.12298    SDR1=\$US1.27551  
As of Aug. 19, at 11.00 a.m.

	3 months	6 months
Eurodollar	7 <sup>1</sup> / <sub>16</sub>	7 <sup>3</sup> / <sub>16</sub>
Sibor:	7 <sup>1</sup> / <sub>16</sub>	7 <sup>3</sup> / <sub>16</sub>

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan (a)		50.60	El Salvador	Peso*	1.609	Papua New Guinea	Kina	0.85
Albania		6.2772	Greece	Drachma	140.21	Guatemala (a)		320.00

[illegible]

Not available. (m) Market rate. \*U.S. dollars per National Currency unit. (n) Parallel Rate. (o) Official rate. (p) Floating Rate. (q) Commercial rate. (r) Crossed rate. (s) Controlled. (t) Financial rate. (u) Preferential rate. (v) Non essential imports. (w) Floating tourist rate. (x) Public Transaction Rate. (y) Agricultural rate. (z) Priority Rate. (aa) Essential imports. (ab) Exports. (ac) Guinea Bissau, 4 May 87; Price denvalued by export. 413%. (ad) Zambia, 5 May 87; Kwacha pegged to the US dollar. 12 May 87; Parity rate of the Puntian. 13 May 87; Non Shilling denvalued, about 10% to the US dollar. (ae) Brazil, 16 June 87; Cruzado pegged by export. 8.57%. (af) Fiji, 29 June 87; Dollar denvalued by export. 37.75%. (ag) Madagascar, 29 June 87; Franc denvalued by export. 36%. For further information please contact your local branch of the Bank of America.

## WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 20 1987				WEDNESDAY AUGUST 19 1987				DOLLAR INDEX	
	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	1987 High	1987 Low
Figures in parentheses show number of stocks per grouping										
Australia (93)	154.27	-1.1	142.84	146.29	154.27	-1.1	142.84	146.29	158.03	99.92
Canada (129)	133.03	-0.2	121.59	125.48	133.03	-0.2	121.59	125.48	134.44	74.95
Denmark (29)	139.48	+1.1	127.49	133.98	139.48	+1.1	127.49	133.98	141.78	91.26
France (121)	118.27	+0.4	108.11	113.17	118.27	+0.4	108.11	113.17	124.10	96.25
Germany (92)	108.49	+1.2	99.17	104.03	108.49	+1.2	99.17	104.03	112.82	97.58
Italy (76)	104.16	+1.2	95.20	98.96	104.16	+1.2	95.20	98.96	104.53	94.86
Japan (45)	137.43	-1.1	125.42	131.77	137.43	-1.1	125.42	131.77	142.64	96.89
Netherlands (34)	137.84	-0.8	125.99	131.77	137.84	-0.8	125.99	131.77	145.41	97.67
Norway (14)	87.07	+2.3	75.58	86.06	87.07	+2.3	75.58	86.06	94.74	107.22
Spain (45)	147.01	+1.2	134.37	139.90	147.01	+1.2	134.37	139.90	151.28	103.29
Sweden (34)	180.95	+0.9	165.40	176.19	180.95	+0.9	165.40	176.19	191.24	94.82
Switzerland (37)	130.78	+1.1	119.54	122.99	130.78	+1.1	119.54	122.99	137.31	99.65
UK (24)	123.80	+1.2	115.58	120.02	123.80	+1.2	115.58	120.02	128.30	100.71
USA (970)	171.31	+1.1	158.03	163.30	171.31	+1.1	158.03	163.30	174.00	99.29
Europe (931)	167.85	-0.3	153.42	163.30	167.85	-0.3	153.42	163.30	174.00	99.29
Pacific Basin (683)	175.64	+4.7	160.54	174.75	175.64	+4.7	160.54	174.75	180.00	74.20
North America (719)	164.08	+1.5	151.69	156.29	164.08	+1.5	151.69	156.29	167.77	94.87
Europe Ex. UK (596)	109.52	+1.3	100.11	104.54	109.52	+1.3	100.11	104.54	109.52	97.36
Pacific Ex. Japan (225)	147.62	-0.9	134.93	140.98	147.62	-0.9	134.93	140.98	151.28	94.86
World Ex. US (183)	138.14	+1.1	125.02	130.86	138.14	+1.1	125.02	130.86	141.78	101.65
World Ex. UK (2347)	137.25	+1.2	125.46	130.94	137.25	+1.2	125.46	130.94	141.78	101.38
World Ex. Japan (1950)	137.50	+1.1	125.46	130.94	137.50	+1.1	125.46	130.94	141.78	101.38
The World Index (2408)	137.50	+1.3	125.68	131.00	137.50	+1.3	125.68	131.00	141.78	101.24

Base volume: Dec 31, 1986 = 100  
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## EUROPEAN OPTIONS EXCHANGE

Series	Aug 87		Nov 87		Feb 88		Stock	
	Vol	Last	Vol	Last	Vol	Last		
GOLD C	3420	118	30.50	10	7.30	13	7.20	FL206.67
GOLD C	3620	15	16.50	7	2.30	30	2.30	"
GOLD C	3820	13	18.50	9	2.30	30	2.30	"
GOLD C	4020	15	20.50	11	2.30	30	2.30	"
GOLD C	4220	17	22.50	12	2.30	30	2.30	"
GOLD C	4420	20	24.50	14	2.30	30	2.30	"
GOLD P	3400	26	24.50	—	—	10	4.50	"
GOLD P	3480	—	—	—	—	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	3750	3000	40	30	20	90	—	\$775
SILVER C	3800	—	—	—	—	—	—	"
		Aug 87		Sep 87		Oct 87		
S/FI C	FL200	4	7	10	7.30	13	7.20	FL206.67
S/FI C	FL205	11	2.20	19	3.80	60	2.90	"
S/FI C	FL210	20	0.05	30	0.60	15	1	"
S/FI C	FL215	20	—	12	0.50	15	1	"
S/FI C	FL220	—	—	3	0.50	40	0.60A	"
S/FI C	FL225	—	—	3	0.50	40	0.60A	"
S/FI P	FL205	122	0.25	392	1.50	67	2.90	"
S/FI P	FL210	113	3.20	56	4.40	515	5.95	"
		Oct 87		Jan 88		Apr 88		
ABN C	FL500	288	21.90	30	37	3	50	FL504.50
ABN P	FL500	259	10.50	39	18.508	1	22.10	"
ACORN C	FL900	FL90	30	34	10.70	—	—	FL98.70
ACORN P	FL900	FL90	30	34	10.70	—	—	"
AHOLZ C	FL110	27	5.208	9	8.50	—	—	FL109.70
AHOLZ P	FL180	798	4.50	224	5.60	168	13	FL127.50
AMEC C	FL170	223	4.40	74	5.80	—	—	FL69.20
AMEC P	FL170	45	3.20	243	5.40	60	6	"
AMV C	FL190	351	3.80	248	1.60	18	8.30	FL189
AMV P	FL190	351	3.80	248	1.60	18	8.30	"
CIST-BROC. C	FL170	340	2.20	35	4.008	12	6	FLA1.20
CIST-BROC. P	FL170	340	2.20	35	4.008	12	6	"
HEINEN C	FL160	98	1.50	26	2.60	—	—	FL197.80
HEINEN P	FL160	98	1.50	26	2.60	—	—	"
HOGDOVENS C	FL210	103	2.50	2	5.20A	4	5	FL186.80
HOGDOVENS P	FL210	103	2.50	2	5.20A	4	5	"
KLM C	FL180	678	2.30	167	4	142	5.80	FL146
KLM P	FL180	678	2.30	167	4	142	5.80	"
LEVLOY C	FL195	136	2.70	197	5.40	122	8.808	FL195.50
LEVLOY P	FL195	136	2.70	197	5.40	122	8.808	"
LIAT.NED. C	FL175	131	6	7	8.50	10	5.60	FL180.50
LIAT.NED. P	FL175	131	6	7	8.50	10	5.60	"
PHILIPS C	FL180	48	3.80	6	5.20	30	4.30	FL53.30
PHILIPS P	FL180	48	3.80	6	5.20	30	4.30	"
ROLOD. DUTCH C	FL250	243	0.90	102	12.00A	17	2.8	FL280.30
ROLOD. DUTCH P	FL250	243	0.90	102	12.00A	17	2.8	"
RUOREC P	FL115	22	3.20	—	—	—	—	FL113.20
UNILEVER C	FL144	193	7.40	1461	19.50	—	—	FL145
UNILEVER P	FL144	193	7.40	1461	19.50	—	—	"

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<b>Manufacturers Life Insurance Co (UK)</b> Manufacturers Life Insurance Co (UK) 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 90
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BRITISH FUNDS	1987	Stock	Price	+/-	Yld.	Vol.	BRITISH FUNDS—Contd	1987	Stock	Price	+/-	Yld.	Vol.	FOREIGN BONDS & RAILS	1987	Stock	Price	+/-	Yld.	Vol.														
<b>Short-Term (Lives up to Five Years)</b>							<b>Index-Linked</b>																											
101	100% Treas. 12/30/97	99 1/2			7.25	10.13	(1)						1307	100% Swiss Govt	125 1/2			7.50	10.13															
102	100% Treas. 12/30/97	99 1/2			7.25	10.13	(2)						1308	100% Swiss Govt	125 1/2			7.50	10.13															
103	100% Treas. 12/30/97	99 1/2			7.25	10.13	(3)						1309	100% Swiss Govt	125 1/2			7.50	10.13															
104	100% Treas. 12/30/97	99 1/2			7.25	10.13	(4)						1310	100% Swiss Govt	125 1/2			7.50	10.13															
105	100% Treas. 12/30/97	99 1/2			7.25	10.13	(5)						1311	100% Swiss Govt	125 1/2			7.50	10.13															
106	100% Treas. 12/30/97	99 1/2			7.25	10.13	(6)						1312	100% Swiss Govt	125 1/2			7.50	10.13															
107	100% Treas. 12/30/97	99 1/2			7.25	10.13	(7)						1313	100% Swiss Govt	125 1/2			7.50	10.13															
108	100% Treas. 12/30/97	99 1/2			7.25	10.13	(8)						1314	100% Swiss Govt	125 1/2			7.50	10.13															
109	100% Treas. 12/30/97	99 1/2			7.25	10.13	(9)						1315	100% Swiss Govt	125 1/2			7.50	10.13															
110	100% Treas. 12/30/97	99 1/2			7.25	10.13	(10)						1316	100% Swiss Govt	125 1/2			7.50	10.13															
111	100% Treas. 12/30/97	99 1/2			7.25	10.13	(11)						1317	100% Swiss Govt	125 1/2			7.50	10.13															
112	100% Treas. 12/30/97	99 1/2			7.25	10.13	(12)						1318	100% Swiss Govt	125 1/2			7.50	10.13															
113	100% Treas. 12/30/97	99 1/2			7.25	10.13	(13)						1319	100% Swiss Govt	125 1/2			7.50	10.13															
114	100% Treas. 12/30/97	99 1/2			7.25	10.13	(14)						1320	100% Swiss Govt	125 1/2			7.50	10.13															
115	100% Treas. 12/30/97	99 1/2			7.25	10.13	(15)						1321	100% Swiss Govt	125 1/2			7.50	10.13															
116	100% Treas. 12/30/97	99 1/2			7.25	10.13	(16)						1322	100% Swiss Govt	125 1/2			7.50	10.13															
117	100% Treas. 12/30/97	99 1/2			7.25	10.13	(17)						1323	100% Swiss Govt	125 1/2			7.50	10.13															
118	100% Treas. 12/30/97	99 1/2			7.25	10.13	(18)						1324	100% Swiss Govt	125 1/2			7.50	10.13															
119	100% Treas. 12/30/97	99 1/2			7.25	10.13	(19)						1325	100% Swiss Govt	125 1/2			7.50	10.13															
120	100% Treas. 12/30/97	99 1/2			7.25	10.13	(20)						1326	100% Swiss Govt	125 1/2			7.50	10.13															
<b>Five to Fifteen Years</b>							<b>INT. BANK AND O'SEAS GOVT STERLING ISSUES</b>							<b>AMERICANS</b>																				
121	100% Treas. 12/30/97	99 1/2			7.25	10.13	(1)						1327	100% Swiss Govt	125 1/2			7.50	10.13															
122	100% Treas. 12/30/97	99 1/2			7.25	10.13	(2)						1328	100% Swiss Govt	125 1/2			7.50	10.13															
123	100% Treas. 12/30/97	99 1/2			7.25	10.13	(3)						1329	100% Swiss Govt	125 1/2			7.50	10.13															
124	100% Treas. 12/30/97	99 1/2			7.25	10.13	(4)						1330	100% Swiss Govt	125 1/2			7.50	10.13															
125	100% Treas. 12/30/97	99 1/2			7.25	10.13	(5)						1331	100% Swiss Govt	125 1/2			7.50	10.13															
126	100% Treas. 12/30/97	99 1/2			7.25	10.13	(6)						1332	100% Swiss Govt	125 1/2			7.50	10.13															
127	100% Treas. 12/30/97	99 1/2			7.25	10.13	(7)						1333	100% Swiss Govt	125 1/2			7.50	10.13															
128	100% Treas. 12/30/97	99 1/2			7.25	10.13	(8)						1334	100% Swiss Govt	125 1/2			7.50	10.13															
129	100% Treas. 12/30/97	99 1/2			7.25	10.13	(9)						1335	100% Swiss Govt	125 1/2			7.50	10.13															
130	100% Treas. 12/30/97	99 1/2			7.25	10.13	(10)						1336	100% Swiss Govt	125 1/2			7.50	10.13															
131	100% Treas. 12/30/97	99 1/2			7.25	10.13	(11)						1337	100% Swiss Govt	125 1/2			7.50	10.13															
132	100% Treas. 12/30/97	99 1/2			7.25	10.13	(12)						1338	100% Swiss Govt	125 1/2			7.50	10.13															
133	100% Treas. 12/30/97	99 1/2			7.25	10.13	(13)						1339	100% Swiss Govt	125 1/2			7.50	10.13															
134	100% Treas. 12/30/97	99 1/2			7.25	10.13	(14)						1340	100% Swiss Govt	125 1/2			7.50	10.13															
135	100% Treas. 12/30/97	99 1/2			7.25	10.13	(15)						1341	100% Swiss Govt	125 1/2			7.50	10.13															
136	100% Treas. 12/30/97	99 1/2			7.25	10.13	(16)						1342	100% Swiss Govt	125 1/2			7.50	10.13															
137	100% Treas. 12/30/97	99 1/2			7.25	10.13	(17)						1343	100% Swiss Govt	125 1/2			7.50	10.13															
138	100% Treas. 12/30/97	99 1/2			7.25	10.13	(18)						1344	100% Swiss Govt	125 1/2			7.50	10.13															
139	100% Treas. 12/30/97	99 1/2			7.25	10.13	(19)						1345	100% Swiss Govt	125 1/2			7.50	10.13															
140	100% Treas. 12/30/97	99 1/2			7.25	10.13	(20)						1346	100% Swiss Govt	125 1/2			7.50	10.13															
<b>Over Fifteen Years</b>							<b>LOANS</b>							<b>Public Board and Ind.</b>																				
141	100% Treas. 12/30/97	99 1/2			7.25	10.13	(1)						1347	100% Swiss Govt	125 1/2			7.50	10.13															
142	100% Treas. 12/30/97	99 1/2			7.25	10.13	(2)						1348	100% Swiss Govt	125 1/2			7.50	10.13															
143	100% Treas. 12/30/97	99 1/2			7.25	10.13	(3)						1349	100% Swiss Govt	125 1/2			7.50	10.13															
144	100% Treas. 12/30/97	99 1/2			7.25	10.13	(4)						1350	100% Swiss Govt	125 1/2			7.50	10.13															
145	100% Treas. 12/30/97	99 1/2			7.25	10.13	(5)						1351	100% Swiss Govt	125 1/2			7.50	10.13															
146	100% Treas. 12/30/97	99 1/2			7.25	10.13	(6)						1352	100% Swiss Govt	125 1/2			7.50	10.13															
147	100% Treas. 12/30/97	99 1/2			7.25	10.13	(7)						1353	100% Swiss Govt	125 1/2			7.50	10.13															
148	100% Treas. 12/30/97	99 1/2			7.25	10.13	(8)						1354	100% Swiss Govt	125 1/2			7.50	10.13															
149	100% Treas. 12/30/97	99 1/2			7.25	10.13	(9)						1355	100% Swiss Govt	125 1/2			7.50	10.13															
150	100% Treas. 12/30/97	99 1/2			7.25	10.13	(10)						1356	100% Swiss Govt	125 1/2			7.50	10.13															
151	100% Treas. 12/30/97	99 1/2			7.25	10.13	(11)						1357	100% Swiss Govt	125 1/2			7.50	10.13															
152	100% Treas. 12/30/97	99 1/2			7.25	10.13	(12)						1358	100% Swiss Govt	125 1/2			7.50	10.13															
153	100% Treas. 12/30/97	99 1/2			7.25	10.13	(13)						1359	100% Swiss Govt	125 1/2			7.50	10.13															
154	100% Treas. 12/30/97	99 1/2			7.25	10.13	(14)						1360	100% Swiss Govt	125 1/2			7.50	10.13															
155	100% Treas. 12/30/97	99 1/2			7.25	10.13	(15)						1361	100% Swiss Govt	125 1/2			7.50	10.13															
156	100% Treas. 12/30/97	99 1/2			7.25	10.13	(16)						1362	100% Swiss Govt	125 1/2			7.50	10.13															
157	100% Treas. 12/30/97	99 1/2			7.25	10.13	(17)						1363	100% Swiss Govt	125 1/2			7.50	10.13															
158	100% Treas. 12/30/97	99 1/2			7.25	10.13	(18)						1364	1																				

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**AMERICANS—Continued**

## CANADIANS

## BANKS, HP & LEASING

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROAD

## BUILDING, TIMBER, ROADS—Cont

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

### DRAPERY AND STORES—Cont.

## ELECTRICALS

## ENGINEERING—Continued

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

**FOOD, GROCERIES, ETC**

## HOTELS AND CATERER

## INSURANCES

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# CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
<b>TORONTO</b>																	
<i>Closing prices August 20</i>																	
12025 AMCA Inc	\$137 1/2	13	19 1/2	+	+	16090 Laidlaw Inc	\$91 1/4	91	91	+	+	8400 SNC Inc	\$30 3/4	30	30	0	0
24077 Abbott Inc	\$135 1/2	135	135 1/2	+	+	16200 Leckie & Co	\$20 1/2	20 1/2	20 1/2	+	+	8450 SNC Bank	\$1 1/2	1 1/2	1 1/2	0	0
4025 Agnico E	\$137 1/2	137 1/2	137 1/2	+	+	16310 Lomax Inc	\$10 1/4	10 1/4	10 1/4	+	+	86000 Sceptre	\$5	5	5	0	0
27743 Alberta Inc	\$330 1/2	330 1/2	330 1/2	+	+	24040 MIDC	\$17 1/2	17 1/2	17 1/2	+	+	82000 Sci Paper	\$20 1/2	20 1/2	20 1/2	0	0
27743 Alcan	\$46 1/2	46 1/2	46 1/2	+	+	24040 Midco	\$17 1/2	17 1/2	17 1/2	+	+	84100 Seaboard	\$20 1/2	20 1/2	20 1/2	0	0
1000 Algo Cent	\$23 1/2	23 1/2	23 1/2	+	+	24040 Molson N	\$24 1/2	24 1/2	24 1/2	+	+	8600 Scotts C	\$14 1/4	14 1/4	14 1/4	0	0
11828 Asarco	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	8600 Seagrain	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco I	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	8200 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco II	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco III	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco IV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco V	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco VI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco VII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco VIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco IX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco X	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XIV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XVI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XVII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XVIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XIX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXIV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXVI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXVII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXVIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXIX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXIV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXVI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXVII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXVIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XXXIX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XL	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLIV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLVI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLVII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLVIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco XLIX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco L	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LIV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LV	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LVI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LVII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LVIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LVIX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LX	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LXI	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LXII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0
1000 Asco LXIII	\$13 1/2	13 1/2	13 1/2	+	+	24040 Molson H F	\$22 1/2	22 1/2	22 1/2	+	+	1829 Shawmut	\$10 1/4	10 1/4	10 1/4	0	0

## Indices

NEW YORK-JUNE JONES												
	1986/87					1986/87		1987		1987		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Industrials	2,788.70	2,095.82	2,054.80	2,700.53	2,095.43	2,881.48	1,927.51	2,780.57	2,112.22			
Transport	1,800.74	1,075.87	1,075.47	1,000.83	1,101.18	1,008.97	1,161.38	1,101.18	12.32			
Utilities	211.08	2,098.16	209.04	212.10	213.70	212.98	227.83	191.39	18.5			
Trading net	—	181.81	230.25	185.85	138.13	217.87	—	—	—			
	August 14					August 7		July 31		Year Ago (Approx)		
Ind Div Yield %	2.54					2.82		2.88		3.95		
STANDARD AND POOR'S												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Industrials	388.29	384.75	383.81	388.57	388.48	388.58	374.58	398.58	3.82			
Composites	334.84	329.83	329.25	334.11	333.88	334.85	328.45	334.85	4.48			
	August 13					August 6		July 30		Year Ago (Approx)		
Ind div yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
Ind. Div. Yield %	2.23					2.32		2.32		2.88		
Ind. P/E Ratio	20.82					20.82		24.39		18.11		
Low Gov Bond Yield	9.85					8.85		8.89		8.11		
N.Y.S.E. ALL COMMON												
	1987					Since Completion		Since Completion		Since Completion		
	August 20	August 18	August 17	August 14	August 13	High	Low	High	Low	High	Low	
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**LONDON** Chief price changes  
(in pence unless otherwise indicated)

<b>RISERS:</b>					
Aran Ex. ....	88	+ 6	Gask Broad. ....	225	+ 10
Brimid Qual. ....	249	+ 6	Jmnan Cleaners .....	530	+ 7
BP ..... 352½		+ 5½	Ladbrooks .....	439	+ 5
Britoil ..... 314		+ 10	Perkins (J.) Mtrs .....	195	+ 37
Clyde Petr. .... 115		+ 7½	Phicom .....	65	+ 7
			Rover .....	95	+ 6
			Tricontrol .....	114	+ 5
			Utd. News .....	518	+ 8
			Ward Hides .....	635	+ 45
			<b>FALLS:</b>		
			Treas. 8Hpc 2007 .....	c187½	- 2½
			Exch. 12pc 2013-17 .....	c178	- 2½
			Dominion Intl. ....	338	- 16
			GUS A .....	112	- 4
			Mersey Dck Units .....	179	- 9
			P & O Defid. ....	642	- 17
			Roithmans Intl. ....	356	- 10
			Unigate .....	377	- 9
			Wates City of Lond. ....	224	- 13

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## NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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**Continued on Page 33**

## AMEX COMPOSITE CLOSING PRICES

**OVER-THE-COUNTER**  
Nasdaq national market, closing prices

**Nasdaq national market, closing price.**

Stock						Sales (Mn)						High Low Last Chng						Stock						Sales (Mn)						High Low Last Chng						Stock						Sales (Mn)						High Low Last Chng																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	

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**FINANCIAL TIMES**

— Europe's Business Newspaper —  
London Frankfurt New York

DATE: 11/11/74

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### Dow's recovery consolidated by dollar's poise

#### WALL STREET

HELPED by calmer foreign exchange markets, Wall Street stocks soared to record levels yesterday, cementing their recovery from losses on Tuesday caused by a plunging dollar, writes Roderick Oram in New York.

The dollar's new-found poise also gave credit markets their first upswing of the week, with the benchmark long bond gaining more than 1/4 of a point.

The Dow Jones Industrial Average closed up 40.07 points at 2,706.79 breaking its previous record of 2,700.57 set on Monday as investors continued the buying spree they started late in Wednesday's session. Strong from the opening, stocks surged ahead during the afternoon.

Broader market indices participated in the advance with the Standard & Poor's 500 index rising 4.93 to 334.78 and the New York Stock Exchange composite index up 2.66 to 187.04, both breaking records set last week.

NYSE volume was heavy at 198.8m shares with the number of issues advancing outpacing those declining by a ratio of three-to-one. Among the Dow stocks, IBM rose 2 1/4 to \$174, AT&T added \$1 to \$33, General Motors rose \$1 1/4 to \$83 1/4, Merck gained \$1 1/4 to \$20 1/4, Philip Morris advanced \$3 1/4 to \$10 1/4 and Eastman Kodak was up \$1 1/4 to \$10 1/4.

Oil stocks were ahead despite lower oil prices. Exxon added \$1 1/4 to \$89 1/4, Chevron added \$1 1/4 to \$54 1/4, Amoco was up \$1 1/4 to \$80 1/4 and Mobil rose \$1 1/4 to \$51 1/4.

Kerr-McGee rose \$2 1/4 to \$44 1/4. Buying interest was fuelled by its announcement earlier this week of a major oil discovery in the North Sea, continuing speculation that it is a candidate for takeover or restructuring and by analysts recommendations.

National Distillers & Chemical gained \$3 1/4 to \$74 1/4 on rumours that GAF was planning a bid for it. GAF declined to comment and National Distillers said it had held no talks with GAF.

Manpower fell \$1 1/4 to \$78. Investors filed a class action suit against the employment group alleging it was in breach of its fiduciary responsibilities by trying to impede the \$75 a share bid from Blue Arrow of the UK.

Manpower is also considering an acquisition to thwart by bid. Adia, a Swiss employment agency chain, is believed to be one of Manpower's targets. Adia Services, a US affiliate owned 70 per cent by the Swiss parent added \$1 1/4 to \$29 1/4 in the over the counter market yesterday on light volume.

International Minerals fell \$2 1/4 to \$47 1/4. It appeared to be moving closer to spinning off in a stock offering a substantial stake in its ILMC Fertilisers Group subsidiary.

Firestone Tire & Rubber added \$1 1/4 to \$45 1/4 after reporting net profits for the latest quarter of \$1.02

a share against 61 cents a year earlier. Southmark, a real estate and financial services group, edged up \$1/4 to \$9 1/4 despite reporting a dip in fourth quarter profits to 34 cents a share from 45 cents a year earlier.

Actmedia dropped \$4 1/4 to \$18 1/4 in heavy over-the-counter trading. It disclosed abortive talks to take over a competitor. In addition, two brokerage houses cut their earnings forecasts for the group which displays advertisements on supermarket shopping carts.

Credit markets benefited from the dollar's return to stability and encouraging comments from senior Japanese officials that the Bank of Japan will continue to intervene in the foreign exchange markets if the dollar falls any further.

The price of the benchmark Treasury long bond finished the session up 1/4 of a point at 99 1/4 yielding 8.93 per cent.

With the dollar holding its ground, market players could turn more attention to the economic figures due out this morning. Little if any revision is expected in the second quarter gross national product from the preliminary figure of a 2.6 per cent annualised growth rate.

This afternoon, the Federal Reserve will release the minutes of its open market committee meeting in June when it appeared the Fed tried to be a degree more accommodating to the markets in its policies. If the committee amended its position fractionally at this week's meeting, it almost certainly would have slightly firming its monetary policy because of the pressure on the dollar.

#### CANADA

AN ADVANCE on Wall Street helped stock prices in Toronto recover their losses of the previous day. Active mid-session trading saw a broad-based recovery, although metals and utilities turned in the smallest gains.

Top active Moore Corp, announcing it had been added to the Standard and Poor's 500 index, rose CS1 1/4 to CS32 1/4.

Toronto Dominion Bank was up CS1 1/4 to CS14 1/4 after losing CS3 1/4 on Wednesday when it raised its reserve against doubtful foreign loans and announced it would post a third quarter loss of CS2.26 a share.

In other banks, Bank of Montreal gained CS1 1/4 to CS33 1/4 and Royal Bank rose CS1/4 to CS35 1/4.

Among golds, Placer Dome added CS1/4 to CS20 1/4 in line with a moderate uptick by the group. Against the trend, LAC Minerals lost CS3 1/4 to CS27 1/4 and International Corona eased CS1/4 to CS41 1/4.

Seagram added CS1/4 to CS10 1/4 after raising its quarterly dividend. Canadian Pacific, whose rail workers returned to their jobs after a brief unauthorised strike, rose CS1/4 to CS27 1/4.

### Money figures rock London

THE ANNOUNCEMENT that UK bank lending rose sharply last month sent equities and government bonds into a steep downward lurch, though both markets recovered poise to close down, but well off the day's lows.

The official sterling lending figure of £4.9m was almost twice that of some forecasts in the City of London and it raised fears that domestic interest rates may soon have to be raised further.

By mid-session the FT-SE 100 index was 40 points down on the previous close, after having been 33 points up in early trading as

Wednesday's rally continued. At the close, the FT-SE 100 was 123 off at 2,185.3 and the FT Ordinary was 122 lower at 1,706.2.

The gilt market was, according to one trader "in near panic at one stage" after the release of the monetary figures, even though it had made a bright start. With some trading houses thought to have large gilt holdings, the steep fall in prices again awakened rumours that a major trader was in trouble.

Long bonds surged above 18 1/2 per cent as the City feared that the Government would be forced

to push up interest rates. Nerves calmed later, however, and prices eased to close with net falls of 2 1/4 points. Industrials traded nervously, with those affected by interest rates suffering worst. These included GUS, down 5 1/4 to £12 1/2, and Bass, which lost 19p to 89p.

Oils, however, fared better and BP gained 5 1/4 to 352 1/4 as the group confirmed it would offer its final £7.5bn privatisation sale in October. Cloyne Petroleum was 7 1/2 higher at 115p and British Oil up 10 at 31 1/4. Enterprise Oil gained 19 to 285p. Details, Page 30.

#### EUROPE

### Zurich, Frankfurt rally as Stockholm surges on

THE BIGGER European bourses managed tentative rallies, encouraged by Wall Street's overnight recovery. Trade remained cautious as the dollar continued to soften.

Frankfurt steadied from recent falls despite the dollar's chronic weakness as local institutions moved in on a market many perceived to be oversold. The Commerzbank 80-share index, measured mid-session, was 7.2 higher at 3,028.4.

Chemicals were perked up by news of a 3.7 per cent rise in BASF's first-half profits. It rose DM4.40 to DM337, while Bayer added DM3.80 to DM355 and Hoechst DM3 to DM331.50.

Cars were boosted by news that West German car registrations were 15 per cent up in July on the year earlier record figure. BMW fared best with a DM7 rise to DM745, while VW climbed DM2.30 to DM406.20 and Daimler DM2.50 to DM1,181.50.

Viag gained DM11 to DM236.80. The diversified energy group announced a fall in turnover but forecast parent company profits on a par with last year. Electricity producer RWE ended DM7 higher after saying it expected to maintain its DM8 dividend despite lower sales for the year to June 30.

In electricals, Siemens closed back DM2.10 of Wednesday's losses to DM671.60 and Nixdorf rose a further DM9.50 to DM849. Financials joined the advance, with Commerzbank and Dresdner each DM3 up at DM301.50 and DM367 respectively.

Zurich also turned up from recent losses, cheered in part by the overnight rally on Wall Street. The Credit Suisse index was up 4.1 at 582.7.

Financials fared well, with UBS bearers gaining SF85 from news it had abandoned takeover talks with UK merchant banker Hill Samuel to close at SF5,100. Swiss Bank

bearers were SF11 up at SF520 and Credit Suisse bearers SF20 stronger at SF7,380.

Geneva Life's SF650 rose to SF10,450 pulled up insurers. Bearers stock in Winterthur and Zurich climbed SF100 to SF7,000 and SF125 to SF7,550 respectively.

Alusuisse bearers kept up momentum with a SF20 rise to SF900. Chemicals and foods steadied.

Stockholm hit its ninth record in a month as institutional funds and foreigners continued their spree. The Veckans Affärer all-share index closed up 0.8 at a new high of 1,134.7.

Construction and property stock, Skanska, rose a further SKr7 to SKr347 as the group appeared closer to completing a SKr25bn deal to supply an oil reserves facility to Saudi Arabia.

Engineering were also healthy, with Volvo SKr4 higher at SKr372. Ericsson rose SKr4 to SKr289.

Pharmaceutical Pharmacia fell SKr2 to SKr233. It reported its earnings after the close of trading.

Paris strengthened on the tone of easier overnight call money rates. Buying was also pepped up by traders building long positions prior to Monday's opening of the September trading account.

Retailers sparked, notably Au Printemps which leapt FF94 to FF742, or 9.1 per cent. The company would not comment on the price rise. La Redoute - 20 per cent owned by Au Printemps - added FF40 to FF3,008.

Amsterdam consolidated its recovery, responding to early strength on Wall Street.

Some internationalists, however, continued to be hurt by the dollar's slide. Philips lost 10 cents to Fl 53.30 and Unilever gave up 20 cents to Fl 145. Hoogovens, which announced a first-half loss on Wednesday, dropped Fl 1 to Fl 46.

#### SOUTH AFRICA

EXTENDING their opening gains, gold shares Johannesburg closed higher in moderate trading buoyed by a steady bullion price and the easier financial rand.

Veal Reef closed R11 higher at R473 and Deelkraal was up 75 cents at R18.75, with mining financials and most other minings following the trend.

Angios added R2 to R88, Rostenburg advanced 75 cents to R58.50 and diamond share De Beers was 50 firmer at R53 after losing R2.50 the previous day.

Industrials ended mixed and there was no reaction to the release of a commissioned report on the nation's tax system which recommended broad restructuring.

#### ASIA

### Large-capitals lift Nikkei out of fall

Y6,620 and Tokyo Gas climbing Y40 to Y1,120.

In the chemical and textile sectors, Kanagafuchi Chemical Industry rose Y10 to Y1,050, Toray Industries

#### TOKYO

THE YENS accelerated rise encouraged buying interest in giant-capital steels, shipbuilders, utilities and chemicals to lift prices in Tokyo yesterday, writes Shigeo Nishikawa of Jiji Press.

The Nikkei average gained 184.98 to 25,306.51, the first advance in six days. Volume rose from Wednesday's 936.10m to 1,097.60m shares on active trading in large-capitals. Advances outnumbered declines by 523 to 371, with 132 issues unchanged.

The market reacted calmly to the dollar's slide below Y144 on the Tokyo foreign exchange market. An official at a large securities company said investor optimism was increasing with expectations that the dollar would stop falling against the yen today after a four-day slide.

Giant-capitals dominated the list of 10 most active stocks, which accounted for 48.9 per cent of overall trading volume on the Tokyo stock exchange.

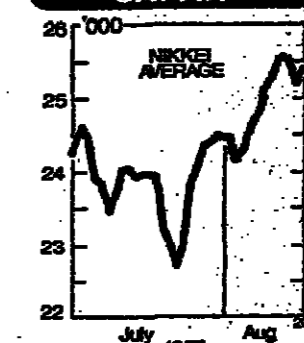
Steels and other large-capitals were sought by major securities houses and foreign investors on expectations of improved earnings due to a recovery of the Japanese economy. However, activity tapered off towards the close.

Kawasaki Steel, again the most active stock with 134.75m shares traded, closed Y2 up at Y304 after hitting an all-time high of Y308 at one stage. Sumitomo Metal Industries, second busiest with 104.85m shares, ended Y3 firmer at Y280 after rising Y8, aided by a pickup in seamless steel pipe prices. Nippon Kohan advanced Y10 to Y306, Mitsubishi Heavy Industries was up Y8 to Y815 and Ishikawajima-Harima Heavy Industries gained Y29 to Y850.

A firm stainless steel market and the strong popularity of housing-related issues fuelled the advance of Nishin Steel which ended Y16 up at Y484 after hitting a peak of Y487.

Electric power and gas utilities were also favoured, with Tokyo Electric Power soaring Y210 to

#### JAPAN



#### HONG KONG

BEARISH TECHNICAL factors and rumours of a rise in interest rates sent share prices sharply lower. The Hang Seng index fell 42.6 to 3,408.01 in moderate turnover of HK\$1.57bn from HK\$1.58bn on Wednesday.

The large number of share placements by listed firms and the weak Hong Kong dollar also contributed to the lower trend.

Trading focused on Hang Lim Development and its affiliate Amoy Canning, which resumed trading after a four-day suspension because of a plan to redeploy assets between the companies. Hang Lim slipped 20 cents to end at HK\$1.70 and Amoy was off HK\$7 at HK\$48.50.

#### SINGAPORE

SPILL-OVER selling pushed share prices lower across the board, but late bargain-hunting lifted stocks off their earlier lows. The Straits Times industrial index lost 3.37 to 1,429.88 in higher turnover, up to 42.3m from 33.2m on Wednesday.

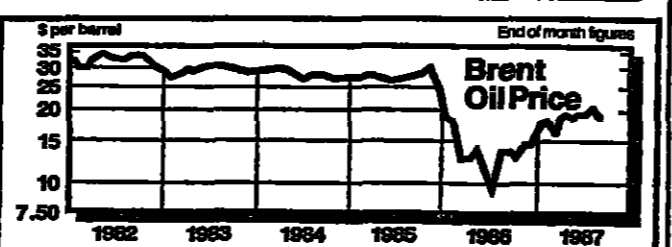
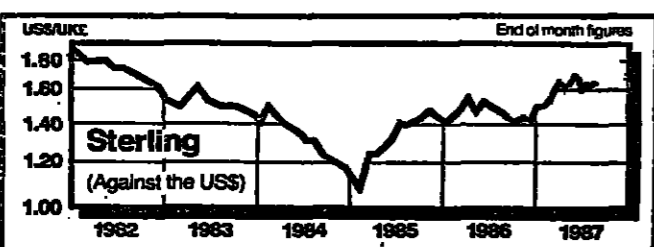
The higher volume indicated a cautious and selective return of institutional buying that has been noticeably absent in recent sessions. Among blue chips, banks were generally steady or narrowly mixed.

#### AUSTRALIA

THE ABSENCE of any positive overseas news undermined already low investor confidence, prompting a further fall in Sydney share prices. The All Ordinaries index dropped 11.2 to 3,017.8 in thin trade.

Some of the stocks which posted good gains at the start of the month were hardest hit. Transportation issue TNT dropped 30 cents to A\$5.80. News Corp. shed 60 to A\$21.40 and Lend Lease ended down 30 at A\$17.10.

#### KEY MARKET MONITORS



#### STOCK MARKET INDICES

NEW YORK Aug 20  
DJ Industrials 2,706.79 2,688.87 1,881.35  
DJ Transport 1,080.74 1,075.87 752.13  
DJ Utilities 211.06 205.16 219.15  
S&P Comp. 334.84 329.83 249.77

#### LONDON FT

Ord 1,700.2 1,712.4 1,267.1  
SE 100 2,185.3 2,197.6 1,806.80  
A All-shares 1,114.81 1,120.81 794.89  
A 500 1,227.19 1,234.47 873.49  
Gold mines 429.3 422.9 226.9  
A Long gilt 10.06 9.80 9.37  
World Act. Ind. 135.79 135.41 101.48  
(August 19)

#### TOKYO

Nikkei 23,386.57 25,306.51 18,936.20  
Tokyo SE 2,107.84 2,091.42 1,583.26

#### AUSTRALIA

All Ord. 2,025.2 2,103.1 1,177.6  
Metals & Mins. 1,259.6 1,294.9 538.2

#### AUSTRIA

Credit Aktien 213.26 214.68 235.71

#### BELGIUM SE

5,342.40 5,368.60 3,826.89

#### CANADA

Toronto 3,343.3 3,332.9 2,029.0  
Metals & Mins. 4,046.5 4,017.0 3,013.2  
Montreal 2,025.20 2,004.94 1,506.93

#### DENMARK SE

(Luch) 211.70 199.91

#### FRANCE

CAC Gen 409.80 406.80 394.2  
Ind. Tendence 105.90 105.10 85.62

#### WEST GERMANY

FAZ-Aktien 660.19 666.97 688.64  
Commerzbank 2,029.40 2,022.20 2,076.6

#### HONG KONG

Hang Seng 3,408.01 3,408.01 1,941.28

#### ITALY

Borsa Com. 616.24 607.15 806.44

#### NETHERLANDS

ANP CBS 324.40 322.40 297.5  
Gen 274.50 272.20 302.3

#### NORWAY

Oslo SE 509.92 515.89 352.99

#### SINGAPORE

Straits Times 1,429.88 1,432.90 802.94

#### SOUTH AFRICA

Golds 2,289.0 1,614.0  
Industrials 2,222.0 1,302.3

#### SPAIN

Madrid SE 296.22 285.34 192.89

#### SWEDEN

J & F 3,022.20 3,005.20 2,588.45

#### SWITZERLAND

Swiss Bank Ind 675.70 673.50 545.6

#### CURRENCIES (London)

US DOLLAR Aug 20 Previous  
\$ 1.8220 1.8405 2.0650 2.2825  
DM 1.4410 1.4500 2.3375 2.3825  
Yen 161.125 1.6175 2.9150 2.9675  
SF 1.5145 1.5255 2.4575 2.47  
FF 2.0805 2.0775 3.3425 3.365  
Lira 1.3255 1.3355 2.1455 2.1555  
Sfr 1.3255 1.3305 2.1502 2.1600

#### US BONDS

Treasury August 20 Price Yield  
7 1/2 1989 99 1/4 7.74 99 1/4 7.88  
7 1/8 1984 97 1/4 6.58 97 1/4 6.55  
8 1/8 1987 99 1/4 8.78 99 1/4 8.72  
8 1/2 2017 99 1/4 8.95 99 1/4 8.93  
Source: Harris Trust Savings Bank

#### INTEREST RATES

Three-months 10% 10%  
Six-months 10% 10%  
One-year 10% 10%  
Two-year 10% 10%  
Three-year 10% 10%  
Five-year 10% 10%  
Ten-year 10% 10%  
Twenty-year 10% 10%

#### FT London Interbank Rate

(Offered rate) 7 1/4 7 1/4  
3-month US\$ 7 1/4 7 1/4  
6-month US\$ 6 1/4 6 1/4  
US Fed Funds 6 1/4 6 1/4  
US 3-month T-bills 6 1/4 6 1/4  
US 6-month T-bills 6 1/4 6 1/4

#### FINANCIAL FUTURES

CHICAGO US Treasury Bonds (CBT)  
8 1/2 % 30 days of 100%  
Aug 20 Latest High Low  
(Sept) 89-15 89-17 88-23 88-31  
US Treasury Bills (TBM)  
\$1m points of 100%  
(Sept) 93.94 94.00 93.88 93.98  
Certification of Deposit (CDM)  
\$1m points of 100%  
(Sept) — — — —

#### GOLD (\$/oz)


August 20 Previous  
London \$456.75 \$456.75  
Zurich \$456.15 \$456.25  
Paris (futures) \$457.66 \$457.70  
Luxembourg \$457.00 \$458.05  
New York (Dec) \$458.00 \$458.20

#### LONDON

Three-month Eurodollar  
\$1m points of 100%  
(Sept) 92.85 92.87 92.84 92.87  
20-year National Gilt  
250,000 25yds of 100%  
(Sept) 113-14 113-19 113-10 113-07

#### Source: Solomon Brothers

\* Latest available figures



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1/4 ticket(s) £ 72,— or US \$ 117,— or DM 198,— each

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